





## Contents

|       |                                                                                          |
|-------|------------------------------------------------------------------------------------------|
| 1     | This is AMCA International                                                               |
| 2     | Financial Highlights                                                                     |
| 4     | Management's Report to Shareholders                                                      |
| 6     | Operating Philosophy and Objectives                                                      |
| 6     | Sales and Operating Profit by Segment                                                    |
| 8     | Construction Products                                                                    |
| 10    | Engineering and Construction Services                                                    |
| 12    | Financial, Marketing, Licensing Services and Special Products                            |
| 14    | Industrial Products                                                                      |
| 16    | Steel Products and Services                                                              |
| 18    | Profit Improvement                                                                       |
| 20    | People: The Most Important Asset                                                         |
| 23-47 | Financial Information                                                                    |
| 23    | Management's Discussion and Analysis of Financial<br>Condition and Results of Operations |
| 26    | Ten Year Statistical Summary                                                             |
| 28-44 | Financial Statements and Notes                                                           |
| 44    | Auditors' Report                                                                         |
| 44    | Stock Information                                                                        |
| 45    | Statements of Operations by Quarters                                                     |
| 46    | Accounting for Inflation                                                                 |
| 48    | Directors                                                                                |
| 49    | Officers                                                                                 |
| 50    | Company Products and Services                                                            |
|       | Shareholder Information                                                                  |

**Cover:** As world demand for food rises, arid areas must be converted to fertile farmland. Speedstar drilling rigs are widely used domestically and overseas to help with food production. During 1983, Speedstar shipped 38 water drilling rigs to Saudi Arabia alone. Several hundred similar rigs have been sent to Saudi Arabia over the last decade. Speedstar equipment is also used for shallow oil and gas production wells, mineral exploration and well servicing work.



AMCA International is an operating company engaged worldwide in the design, engineering, manufacturing, marketing, installation and financing of a broad range of industrial products, construction equipment, engineering and construction services and machine tools. The Company's business is segmented as follows:

**Construction Products**

Compaction equipment; cranes and derricks; excavators; material handling and pile-driving equipment.

**Engineering and Construction Services**

Bulk material handling systems; marine vessels and equipment; offshore petroleum production and distribution systems; turnkey petroleum refineries, petrochemical and industrial plants; pre-engineered building systems; vehicular tunnel tubes.

**Financial, Marketing, Licensing Services and Special Products**

Financing to promote sales of AMCA products; purchasing of raw materials and components for AMCA units; marketing of AMCA products; licensing of proprietary AMCA patents and trademarks outside North America; production and marketing of portable kerosene and oil-fired heaters, electric chain saws and powder-actuated tools, tree harvesting and pulp and paper processing equipment.

**Industrial Products**

Aerospace and automotive components; beverage, dairy and food processing and packaging machinery; foundry machinery and accessories; hydraulic components and systems; industrial fasteners; marine, industrial and shipyard cranes; metal forming machinery; water well and oil field drilling equipment; power brushes and buffs; pressure tanks and cylinders. Machine Tools – Computer numerically controlled horizontal and vertical lathes and turning centers; horizontal and vertical machining centers; horizontal boring, drilling and milling machines; automatic assembly machines; flexible manufacturing systems; transfer machines; computer numerical controls; microprocessors; cutting tools and fixtures; drill point grinders; balancing equipment.

**Steel Products and Services**

Steel production, distribution, fabrication and erection; energy products, services and systems related to the generation and transmission of electric power from fossil fuel, nuclear, hydroelectric, tidal power and waste conversion resources.



**Financial Highlights\***

(Stated in millions)

|                                          | 1983             | 1982      | 1981      |
|------------------------------------------|------------------|-----------|-----------|
| Revenues                                 | <b>\$1,262.3</b> | \$1,391.9 | \$1,483.1 |
| Income (loss) from continuing operations | <b>(5.6)</b>     | 52.6      | 70.6      |
| Net income (loss)                        | <b>(39.3)</b>    | 47.8      | 70.2      |
| Total assets                             | <b>1,250.1</b>   | 1,373.7   | 1,212.4   |
| Long-term debt                           | <b>380.0</b>     | 340.1     | 296.8     |
| Shareholders' equity                     | <b>442.7</b>     | 462.3     | 368.4     |

**Per Share Data**

(Stated in dollars)

|                                          |                  |         |         |
|------------------------------------------|------------------|---------|---------|
| Income (loss) from continuing operations | <b>\$ (0.18)</b> | \$ 1.84 | \$ 2.62 |
| Net income (loss)                        | <b>(1.19)</b>    | 1.68    | 2.61    |
| Working capital from operations          | <b>(0.27)</b>    | 2.49    | 3.24    |
| Dividends                                | <b>1.00</b>      | 1.00    | 1.00    |
| Equity at year end                       | <b>13.32</b>     | 14.06   | 13.70   |

\* All data has been restated to reflect the separate classification of the results of operations of discontinued businesses. See Note 2 to the Consolidated Financial Statements.

All figures in this Annual Report for the years 1977 to present are stated in U.S. dollars, while 1976 and prior years are stated in Canadian dollars.

Per share data, except equity at year end, has been calculated based upon the weighted average shares outstanding during each year.

December 6, 1983 marked the opening of trading of AMCA International common stock on the New York Stock Exchange. Participating in the event were William M. Batten (left), chairman and chief executive officer of the NYSE, and Kenneth S. Barclay, chairman, president and chief executive officer of AMCA. Mr. Barclay said, "As our Company increases in size and continues to pursue its growth objectives, it is a natural step that we be listed on the leading exchange in the United States." AMCA's ticker symbol is AIL. AMCA stock opened at 18 1/4.



Robotic welding helps make today's automated production lines a reality. Computer-based numerical controls and programmable controllers direct the machines and robots that do the work, making them more productive and cost-efficient. G&L Electronics, a pioneer in computer-controlled technology, introduced the PC 409 in 1983, the first programmable controller to direct motion in circular as well as linear paths. The PC 409 makes possible more complex robotic welding than previously available.







## Management's Report to Shareholders



Kenneth S. Barclay, Chairman, President  
and Chief Executive Officer

After 15 years of progress the wind moved into our face in 1983 with the result that AMCA lost money for the first time, as a practical matter, since 1925. In essence, the escalating economic pressures faced by many of our customers in recent years could no longer be contained and combined to exact a toll on our performance. Reduced sales, at unattractive price levels, depleted backlogs and low levels of production (which compounded the problem of matching revenues and expense) were the order of the day. As we wound up the year, inflation had abated, interest rates were down, recovery was underway but the damage had been done.

The year's financial results in capsule follow and are reviewed in detail starting on page 23. (1981, 1982 and interim 1983 results

which are provided for comparison purposes have been restated to eliminate revenues and losses from operations since discontinued.) Elsewhere in this report, you will find specific commentary on the activities within our major product groups, on the results achieved by each segment and on the outlook for the groups and their key businesses. Briefly:

- Revenues at \$1.26 billion were down ten percent versus \$1.4 billion in 1982;
- A pre-tax loss of \$47 million was incurred compared with pre-tax income of \$52.6 million in 1982, resulting in:
  - A loss of \$5.6 million from continuing operations (after reflecting a tax credit of \$41.4 million), a loss of \$11.1 million from discontinued operations and, finally, a provision for a loss of \$22.6 million on the disposal of those discontinued businesses making a net loss of \$39.3 million — in line with anticipated results communicated to shareholders at the end of the third quarter of 1983.

On a per share basis, this worked out to a loss of 18 cents from continuing operations (versus net income of \$1.84 a year earlier), a loss of \$1.01 from discontinued businesses (versus a loss of 16 cents in 1982), resulting in a net loss of \$1.19 compared with a profit of \$1.68 in the prior year. AMCA had an average 33.2 million common shares outstanding in 1983 and 28.5 million in 1982.

- Notwithstanding results, dividends were paid quarterly totaling \$1.00 per common share — the same as 1982 — reflecting our belief that the recession will prove to be an aberration in the longer term progress of this Company. It is worth noting that dividends have been paid without interruption since 1912.

- AMCA entered 1984 with work to be completed of \$545 million versus \$577 million a year ago. We believe backlog will improve as we move further into 1984, along with profit margins on new work secured. This reflects currently improving economic conditions throughout most of our businesses with the particular exception of structural steel fabricating operations in Canada which continue to suffer.

Whereas the utilization of manufacturing capacity in our major U.S. market has moved up sharply in the last 12 months from under 70 percent to the present 80 percent level

that historically has triggered significant outlays for capital goods, the rate of new orders received must increase across a broader range of businesses before we will realize the financial benefits of significant action taken by management to restructure businesses, consolidate facilities, reduce headcount and improve productivity.

As an extension of the preceding comments on current conditions we should not overlook our engineering and construction operations which have a significant commitment to energy-related industries currently operating at low levels. We continue to believe that economic growth and development will remain substantially dependent on energy sources and production. We expect these industries will recover as demands and worldwide events create growth opportunities and influence markets for these energy-related services and related products which we manufacture in a number of our businesses.

In last year's letter to shareholders, we made some fairly extensive comments on our affairs generally, on cost reduction efforts, on the acquisition at that time of Giddings & Lewis, etc. We tried to cover what we believe those matters mean for AMCA as we move back into a more normal economic environment than that which has prevailed in the last several years. We do not feel that any purpose is served by restating a lot of those observations, keeping in mind that a substantial percentage of the shares outstanding in this Company are held by people who were shareholders a year ago. We prefer to build upon what we have told you before since one of our objectives is to have a low turnover in what we are pleased to note is a growing shareholder base. We hope you understand what management is trying to do and share our expectations on which we continually strive to deliver.

Now having said that, observations in last year's Report about our affairs, when



reviewed in retrospect, are still valid with two exceptions:

- We indicated that "the consequences of the worldwide recession have yet to be felt in some industries." We frankly underestimated the magnitude (and duration) of those consequences especially as they related to our affairs.

- We thought the upturn, particularly as it relates to capital goods, would take place sooner than it did.

The preceding, perhaps, says something about our forecasting abilities. The fact that many others had similar inadequate perceptions is small consolation. Since we tell you from time to time about our "hits" we feel you are also entitled to hear about the "misses." Accordingly, and further on that score, AMCA's latest results were negatively impacted not just by the recession but by a management decision several years ago to invest heavily in certain oil well pumping equipment which, as it developed, we could not advantageously sell in a falling market nor, as we saw it, in the reasonably near term. The latter accounts for a large part of the loss from discontinued businesses and the provision for loss on disposal of same. Without going into burdensome detail, some of that loss may be recouped on another day based on arrangements made if the new owner is successful.

By way of further insight into 1983, a number of our operating units performed well despite the economy including:

- Aerospace Division,
- AMCA Buildings,
- Cherry-Burrell,
- Compaction equipment (in the international arena),
- Financial services,
- Gilman (automatic assembly systems),
- JESCO,
- Manitoba Rolling Mills (particularly given only 65 percent capacity utilization),
- MENCK,
- ORBA,
- Speedstar,
- Selected industrial component activities (Osborn, HUSCO, Janesville and Jackson Buff).

Operations that fared poorly included:

- Compaction equipment (in North America),
- Consumer Products,
- Cranes and excavators,
- Dominion Bridge-Sulzer (our 51 percent-owned joint venture),
- Engineering and construction services,
- Marine (IMODCO and Wiley),
- Structural steel and steel warehousing (in Canada),
- Morgan Engineering,
- Morgan Petroleum Equipment.

Other developments of significance during the year included:

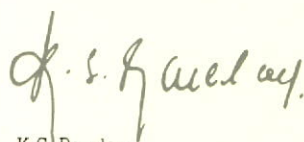
- Listing on the New York Stock Exchange;
- A \$60 million U.S. Eurobond issue;
- A 100 million Deutsche Mark issue;
- An equally successful \$75 million Canadian preferred stock issue;
- And, as an extension of the several preceding items, the maintenance throughout a very difficult period of our "A" bond rating;
- The structuring by our Netherlands corporation and its affiliates of a five-year plan which we believe can very substantially increase profits contributed by this growing sector of our business;
- The acquisition of Stran (a metal building manufacturer) by the AMCA Buildings Division;
- The purchase of a one-third partnership in Halifax Industries Limited which will ultimately benefit our ability to service the Canadian offshore energy industry and enhance the DB/McDermott potential discussed last year;
- One-time spending of approximately \$20 million on the consolidation of certain manufacturing facilities which resulted in one million square feet of plant taken out of production in the interests of cost reduction and better productivity - subjects further elaborated on under the Profit Improvement and People sections of this Report (pages 18 and 20);
- Continuing innovation and investment, despite the recession, to retain leadership roles in a number of areas (again see Profit Improvement section);
- We recovered in cash, in the first 15 months of ownership, one-third of the \$310 million invested in the purchase of Giddings & Lewis in late '82 - without selling any material part of what we acquired. As noted elsewhere, we remain bullish on G&L's future.

They are a recognized leader in flexible manufacturing systems (FMS), one of the few in the world capable of handling the design, manufacturing and installation of highly sophisticated FMS - generally acknowledged to be the wave of the future.

Elsewhere above we have commented on the economic climate of the moment. To crystallize 1984 for you, we expect much improved profits during the year which, keeping in mind the 1983 results and an improving economy, is what you should reasonably expect. Our present estimate, subject to the usual caveats regarding the frailties of forecasting in this politicized world, is that pre-tax operating earnings will, as the year develops, improve significantly. Those earnings, however, will still be substantially off what we see as the normal mark for our business as constituted and which target presently seems attainable in 1985.

Looking beyond 1985 at the balance of the decade we have considerable confidence in the outlook. The forthcoming annual meeting of shareholders will provide an opportunity to share with you our perspective particularly as it relates to a number of our major product lines.

In conclusion, the help, counsel and support of our Directors, officers, employees and many others, including you the shareholders, in the past difficult year, is very much appreciated.



K. S. Barclay  
Chairman, President and  
Chief Executive Officer

March 19, 1984



## Operating Philosophy and Objectives

**Pre-1970, the Company fabricated structural steel and provided engineering and construction services predominantly for the Canadian market. By planned acquisitions and internal growth it is now a worldwide producer of a broad range of industrial products, construction equipment, engineering and construction services and machine tools.**

**Philosophy: Acquire for balanced diversification...straddle industries and markets...stay away from single nation/single industry dependence...avoid catastrophe...beat current business plan...organize for profit improvement.**

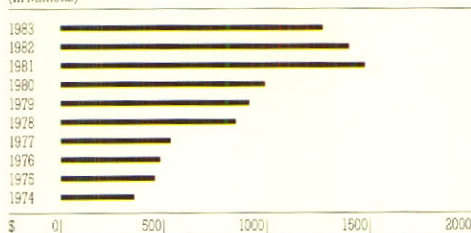
**Objectives: By the end of 1980s—annual sales of at least \$5 billion and operating income of not less than \$270 million...continuing planned growth and development internally and by selective acquisitions.**

### Philosophy

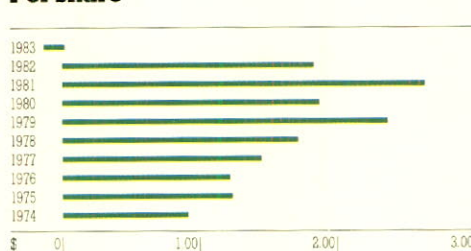
AMCA International was formed in 1882 and for the first 87 years was essentially a structural steel fabricator serving the Canadian market. At the beginning of the 1970s, the Company embarked on a program aimed at growth and diversification within the scope of its expertise—the design, engineering and manufacturing of steel-based products and services marketed primarily to industrial customers.

This program has produced substantial growth and diversification, largely in the United States. As the 1980s commenced, the

**Revenues**  
(In Millions)



**Operating Income\***  
**Per Share**



\*From continuing operations

Company acquired Koehring Company, adding 21 manufacturing locations, mostly in North America, and further strength to international activities.

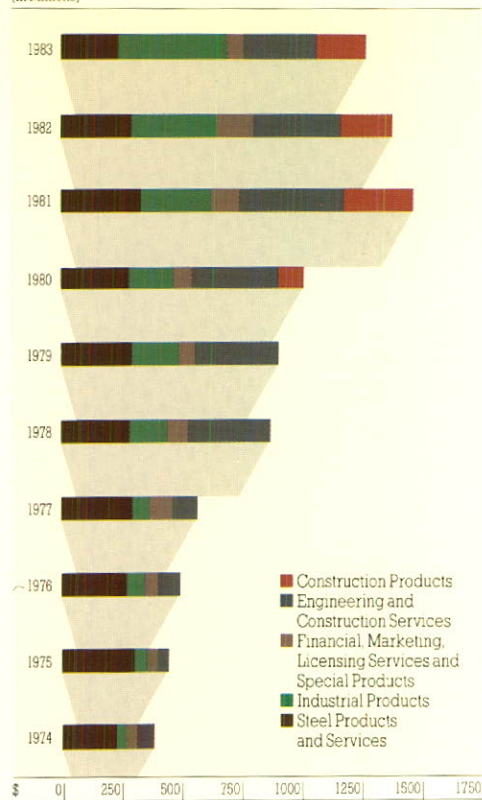
During 1982 the Company acquired Giddings & Lewis, Inc., a world leader in the production of sophisticated machine tools and other industrial products. This acquisition, the largest in the Company's history, added another 17 manufacturing plants including two overseas.

The acquisition program, founded on the principle of balanced diversification, helps protect AMCA against economic cycles and product obsolescence while promoting participation in new markets and technologies. The overriding philosophy is:

- maintain the broadest posture possible;
- straddle a number of industries and markets;
- avoid the instability and unfavorable consequences invariably associated with single-industry/nation identification.

The Company allocates resources (people, money and materials) accordingly and

**Sales by Segment**  
(In Millions)



| Sales | Construction Products |    | Engineering and Construction Services |    | Financial, Marketing, Licensing Services and Special Products |    |
|-------|-----------------------|----|---------------------------------------|----|---------------------------------------------------------------|----|
|       | \$                    | %  | \$                                    | %  | \$                                                            | %  |
| 1983  | 191                   | 15 | 315                                   | 25 | 59                                                            | 5  |
| 1982  | 209                   | 15 | 373                                   | 27 | 158                                                           | 11 |
| 1981  | 289                   | 20 | 439                                   | 30 | 122                                                           | 8  |
| 1980  | 98                    | 10 | 362                                   | 36 | 77                                                            | 8  |
| 1979  | —                     | —  | 349                                   | 39 | 69                                                            | 7  |
| 1978  | —                     | —  | 335                                   | 39 | 84                                                            | 10 |
| 1977  | —                     | —  | 104                                   | 19 | 94                                                            | 17 |
| 1976  | —                     | —  | 95                                    | 20 | 50                                                            | 10 |
| 1975  | —                     | —  | 66                                    | 15 | 24                                                            | 6  |
| 1974  | —                     | —  | 67                                    | 18 | 45                                                            | 12 |

### Segment Operating Profit

|                                                               | 1983 | 1982 | 1981 | 1980 | 1979 | 1978 | 1977 | 1976 | 1975 | 1974 |
|---------------------------------------------------------------|------|------|------|------|------|------|------|------|------|------|
| Construction Products                                         | 5    | 15   | 47   | 13   | —    | —    | —    | —    | —    | —    |
| Engineering and Construction Services                         | (2)  | (6)  | 32   | 18   | 22   | 37   | 13   | 10   | (1)  | 4    |
| Financial, Marketing, Licensing Services and Special Products | 6    | 23   | 17   | 19   | 24   | 38   | 23   | 19   | (2)  | 8    |
| Industrial Products                                           | 18   | 28   | 33   | 9    | 9    | 9    | 9    | 3    | 2    | 7    |
| Steel Products and Services                                   | 18   | 21   | 16   | 9    | 11   | 9    | 16   | 6    | 5    | 14   |

Segment operating profit is further defined in Note 12 to the Consolidated Financial Statements. Years 1977 to present are stated in U.S. dollars, while 1976 and prior years are stated in Canadian dollars.

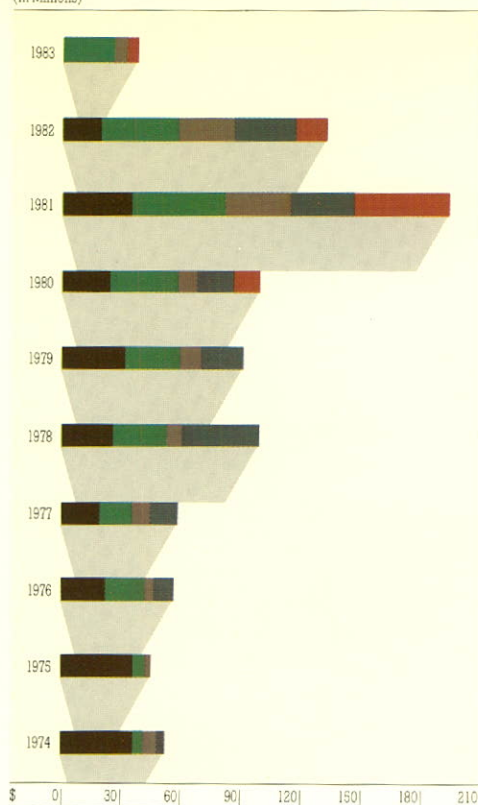
### Sales Distribution

Of the total of all AMCA International products and services sold during 1983, 52 percent were sold to customers in the United States, 26 percent were sold to customers in Canada, nine percent to customers in Europe and 13 percent to customers in other areas around the world.



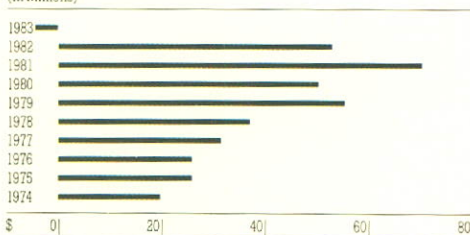
## Segment Operating Profit

(In Millions)



## Operating Income\*

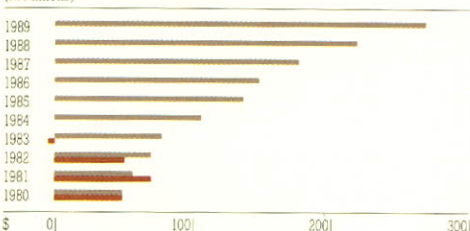
(In Millions)



## Operating Income\*

■ Plan ■ Performance

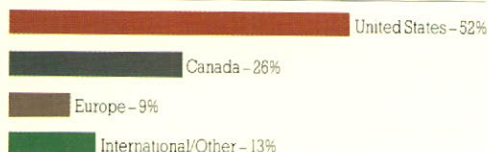
(In Millions)



\*From continuing operations

| Industrial Products |    | Steel Products and Services |     | Total |     |
|---------------------|----|-----------------------------|-----|-------|-----|
| \$                  | %  | \$                          | %   | \$    | %   |
| 447                 | 35 | 248                         | 20  | 1,260 | 100 |
| 359                 | 26 | 285                         | 21  | 1,384 | 100 |
| 295                 | 20 | 327                         | 22  | 1,472 | 100 |
| 194                 | 19 | 272                         | 27  | 1,003 | 100 |
| 199                 | 22 | 287                         | 32  | 904   | 100 |
| 173                 | 20 | 270                         | 31  | 862   | 100 |
| 71                  | 13 | 287                         | 51  | 556   | 100 |
| 82                  | 17 | 259                         | 53  | 486   | 100 |
| 45                  | 10 | 300                         | 69  | 435   | 100 |
| 23                  | 6  | 235                         | 64  | 370   | 100 |
|                     |    |                             |     |       |     |
| 25                  | 76 | (1)                         | (3) | 33    | 100 |
| 39                  | 30 | 18                          | 14  | 130   | 100 |
| 46                  | 24 | 34                          | 18  | 192   | 100 |
| 34                  | 35 | 23                          | 24  | 97    | 100 |
| 28                  | 31 | 31                          | 34  | 90    | 100 |
| 26                  | 27 | 25                          | 26  | 97    | 100 |
| 16                  | 29 | 18                          | 32  | 56    | 100 |
| 20                  | 37 | 21                          | 38  | 54    | 100 |
| 6                   | 14 | 35                          | 83  | 42    | 100 |
| 4                   | 8  | 35                          | 70  | 50    | 100 |

Data for all years has been restated to reflect the separate classification of the results of operations of the discontinued businesses (See Note 2 to the Consolidated Financial Statements).



at average annual compound rates of 20 percent and 30 percent respectively. By the close of the decade of the 70s, the objectives were met.

In the process AMCA:

- improved the quality of its earnings;
- developed a very capable management organization – in depth – in its operations and at corporate staff levels;
- strengthened its position in the industries it serves through judicious acquisitions and entered new industries compatible with its basic skills;
- made the Company better known and more highly regarded;
- made significant progress in the vital area of return on shareholders' equity.

Subsequently, management worked out a broad strategy and related tactics for growth and development in the 1980s much as it did at the beginning of the last decade. It is AMCA's plan to continue to provide an expanded range of industrial, steel-based products and services of quality for a widening spectrum of customers and prospects. In essence, the Company has targeted to reach by the end of the 1980s sales exceeding \$5 billion and net operating income of at least \$270 million. Despite the effects in 1983 of the recent worldwide recession, management remains confident that the goals for the decade are attainable and believes they will be met.

invests for "return," avoiding emotional attachments to any product or physical location, recognizing that each has its day in the sun. Continuing emphasis is placed upon margins (profitability) and turnover (asset utilization relative to volume generated) to maximize return on investment. At any point in time, management is guided by three basic priorities:

- avoid catastrophe;
- meet and beat the current business plan;
- organize for future profit improvement.

## Objectives

Prior to the beginning of the 1970s the Company was operating at an annual sales level of \$168 million. Operating income was \$4 million. Management set out to improve results and to expand through acquisitions and internally generated growth – with the objective of achieving \$1 billion in sales by the end of the 1970s while generating income of \$50 million net from operations. Those were ambitious goals and implied that, over the ten-year target period, the Company must increase sales and earnings



## Construction Products

**Results:** Sales of \$191 million and operating profits of \$5 million were down compared with 1982 results. Cranes and excavators continued to suffer as worldwide construction stagnated. Special construction equipment, including material handling machines, also reflected the softness in the industry. Compaction equipment sales, which had been strong in 1982, fell off as the world market dwindled due largely to weakening oil prices among OPEC nations and the mounting debt burden in Latin America. BOMAG did, however, enjoy brisk business in Great Britain and Japan while MENCK had another excellent year and, in the process, introduced a new line of onshore hammers.

**Outlook:** Sales and earnings should improve in 1984 as a result of improved market conditions on a worldwide basis, the favorable impact of a plant closure, consolidation of crane and excavator operations, restructuring of North American compaction operations and the divestiture of a concrete finishing product line and related facilities.

Lorain hydraulic cranes are favored for contracting, municipal and general materials handling jobs and are expected to realize increased sales as world economic conditions continue to improve.

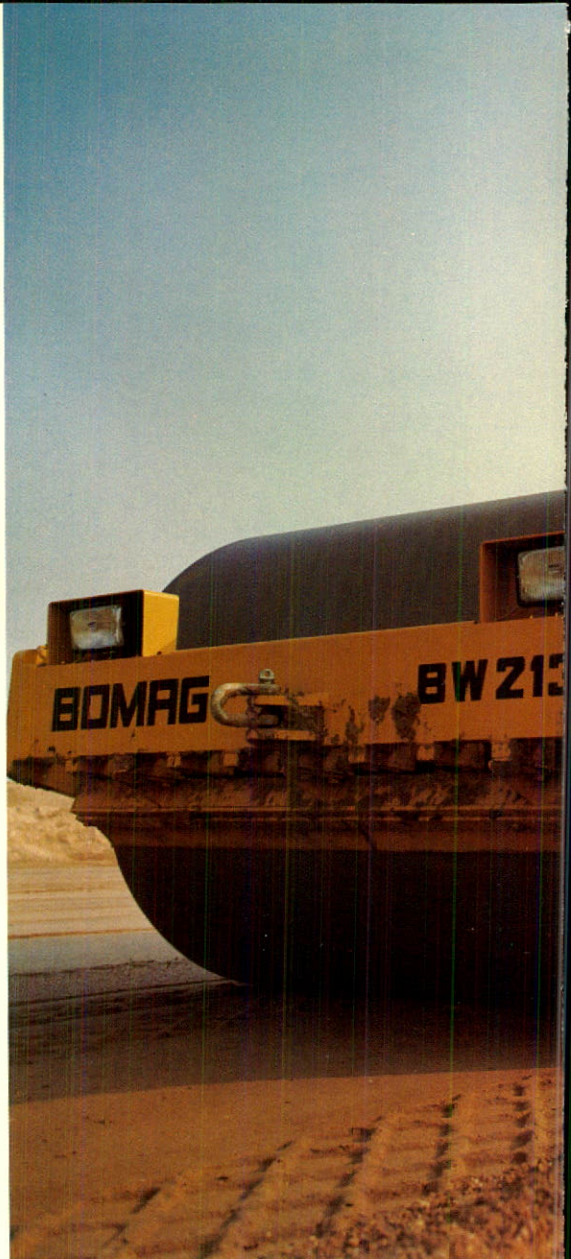


### BOMAG

BOMAG is the world's largest producer of compaction equipment with plants and assembly facilities in West Germany, the United States, Canada, Australia, Japan and South Africa, and sales/service organizations in the United Kingdom, France and Austria. Products include tampers, walk-behind rollers and double-drum vibratory compactors, large earth compactors and a full line of vibratory tandem and rubber-tired road rollers as well as hydraulic and steam pile hammers sold under the MENCK name and used for both offshore and onshore applications. BOMAG also produces sanitary landfill compaction equipment plus soil stabilizers. A full line of material handling equipment, including construction forklift trucks and small loaders, is sold under the Skytrak® and Scat Trak names.

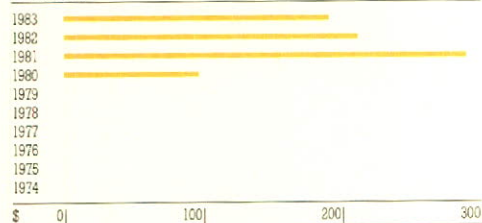
Sales of MENCK hammers increased significantly while sales of compaction equipment declined by ten percent as a result of the worldwide economic recession and, in particular, declining markets in the United States, the Middle East and Latin America. MENCK's offshore pile hammer backlog also eroded as oil prices dropped causing delays in construction of new offshore platforms which might have utilized MENCK

Construction of the world's highways, airports and dams requires a predictable depth of bed compaction to assure surfaces that are smooth, long-lasting and



### Sales

(In Millions)



### BOMAG

**Koehring Construction  
& Special Equipment**





not susceptible to settling. BOMAG vibratory rollers are engineered and quality tested to provide highest compaction efficiency.



BOMAG-MENCK is the world's leading manufacturer of hydraulic hammers used to drive anchor pilings into the sea bottom to secure offshore drilling platforms. MENCK's slender hammer design allows pile driving within platform legs, eliminating need for followers.

hammers. MENCK has, however, successfully introduced a new line of hammers for onshore applications. While there are more competitors in the onshore business than in the highly complex area of offshore hammers, nonetheless, MENCK anticipates gaining a reasonable share of the market based upon the worldwide reputation it has earned for its offshore hammers and the reception to date of its new product offering.

During the year an Australian compaction equipment company, acquired in 1982, was integrated into the BOMAG organization and a small light-construction equipment operation in the United States was divested. While the recession negatively impacted compaction results during 1983, BOMAG completed a plant expansion program in West Germany and developed several new models of compaction equipment. As worldwide economies recover from depressed conditions, it is anticipated that the compaction and material handling businesses will return to normal levels of profitability.

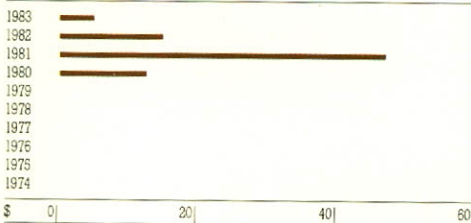
#### **Cranes and Excavators**

The crane and excavator division designs, manufactures and markets a broad line of hydraulic cranes as well as a full range of heavy-duty hydraulic excavators. These

products are marketed through a worldwide distribution network under Lorain and Koehring brand names. Results in 1983 were disappointing with significant operating losses incurred. As part of a program to achieve a profitable level of operation, the Lorain facility in Tennessee was closed and operations consolidated into other manufacturing plants within the division. Sales of small hydraulic excavators benefited from the surge in U.S. residential construction. Large excavator and crane sales were poor although the latter was aided by government contracts in the U.S. and increased export shipments to the Middle East. Margins and profits were depressed by price cutting attributable to a surplus of used equipment and excess manufacturing capacity in the construction equipment industry. Significant improvements in operating results are anticipated for 1984 and beyond as the impact of the cost reduction program, product development and market recovery take effect.

#### **Operating Profit**

(In Millions)



**Koehring Cranes &  
Excavators  
MENCK**



## Engineering and Construction Services

**Results:** Sales of \$315 million were 16 percent below 1982 resulting in an operating loss of \$2 million. Results were severely impacted by the lack of significant follow-on work to the tunnel tube project at Wiley and the lack of new work at IMODCO. AMCA Engineers & Constructors' profits declined as a result of a drop in profits in overseas operations and the falloff in refinery projects in the United States. Despite generally weak results in the engineering-construction segment, Varco-Pruden enjoyed a strong second half with earnings exceeding plan levels. Operations of the Buildings Division were expanded by the acquisition of Stran and Quonset building lines in late 1983. Within engineering and construction activities, ORBA and JESCO enjoyed considerable success despite overall market conditions.

**Outlook:** Sales and earnings in this segment are expected to rise sharply in 1984 as a result of continuing growth at Varco-Pruden, integration of the Stran acquisition and improved performance at AMCA Engineers & Constructors and marine operations.

A 20,000-bpd coker refinery in Minnesota was designed and built by Litwin Engineers & Constructors. This unit and Litwin S.A., a sister operation in France, engineer and construct refineries and petrochemical processing plants throughout the world.

Ocean-going vessels are repaired and refitted at Halifax Industries, a shipyard in Nova Scotia in which AMCA became a partner in 1983. Floating drydock

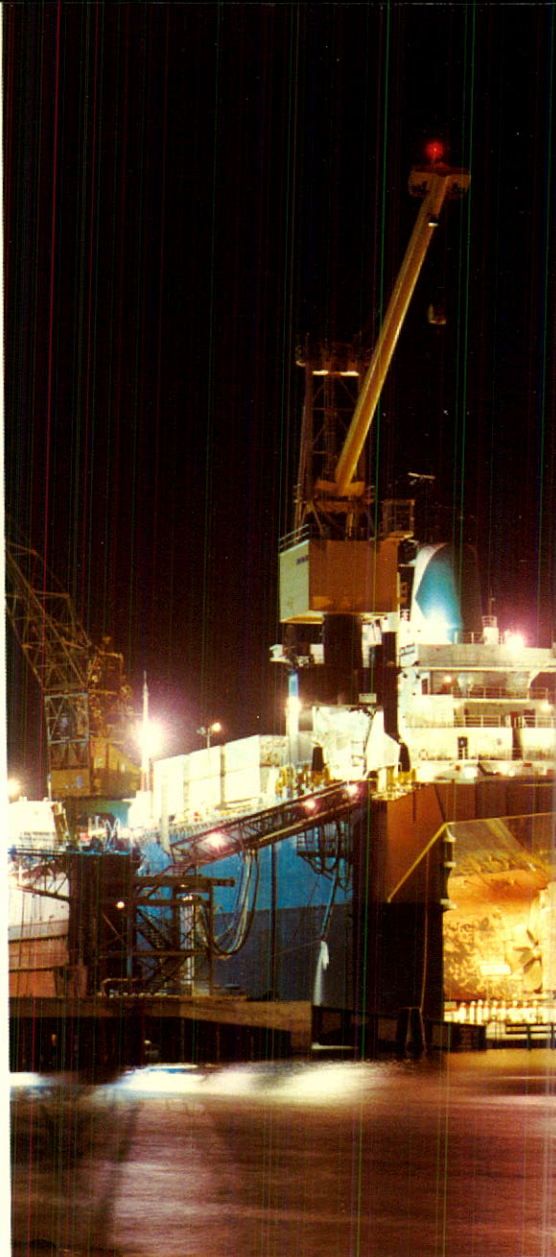


### AMCA Buildings Division

AMCA Buildings Division is comprised of Varco-Pruden Buildings, Stran Buildings, Quonset Buildings and Construction Services. The division designs, manufactures and markets pre-engineered building systems through more than 1,200 builder dealers in the United States and through an affiliate, Span Holdings Limited, in the rest of the world. Sales and earnings exceeded plan and increased significantly over the prior year due to improving market conditions, increased market penetration and better product margins. In 1983 the division produced more than 5,000 custom designed buildings totaling more than 40 million square feet of space. Acquisition of the Stran and Quonset building lines late in the year provides this division with complementary product lines and expanded distribution. Results for the AMCA Buildings Division are expected to improve significantly in 1984 as a result of anticipated sales growth and the Stran acquisition.

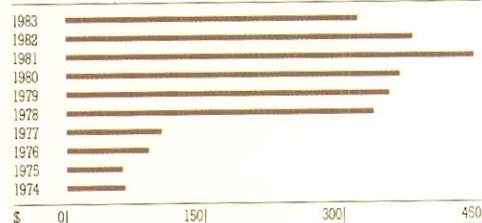
### AMCA Engineers & Constructors

AMCA Engineers & Constructors is comprised of five engineering and construction operations - Litwin Engineers & Constructors, Litwin Corporation, Litwin S.A., ORBA and JESCO. Litwin Engineers & Constructors and Litwin Corporation design and construct petroleum refineries, petrochemical and chemical plants. Litwin S.A., based in Paris, France, is engaged in the design, engineering and construction of petrochemical plants outside the United States. JESCO is an open shop contractor concentrating on the design and building of light industrial, commercial



### Sales

(In Millions)



**AMCA Buildings Division**  
 - Quonset Buildings  
 - Stran Buildings  
 - Varco-Pruden Buildings  
 - Construction Services

**AMCA Engineers & Constructors**  
 - JESCO  
 - Litwin Corporation



can handle ships to 100,000 dwt size. The yard is equipped to build semi-submersible offshore drilling rigs for AMCA's joint venture, DB/McDermott.



Office-shopping centers like this Varco-Pruden project in Kentucky, invite business both day and night. Plans for this complex were custom-designed and drawn by Varco-Pruden utilizing the most advanced computer system in the construction industry.

and processing plants in the southeastern United States. ORBA provides turnkey engineering and construction services for handling and transporting bulk materials as well as the operation of bulk handling facilities.

Division earnings declined significantly as a result of the completion of highly profitable international projects in 1982 and a lower level of follow-up work. Domestically, Litwin Engineers & Constructors suffered as a direct result of reduced activity in the U.S. oil refining industry. In contrast, both JESCO and ORBA operated above plan and continue to enjoy profitable levels of operation. Results are expected to improve in 1984 reflecting moderately improving market conditions.

### Marine Division

The Marine Division serves the marine construction industry through four operating units: IMODCO, Wiley Manufacturing, DB/McDermott and Halifax Industries. IMODCO engineers, procures and installs single point mooring (SPM) terminal systems for loading and offloading liquid (primarily crude and refined petroleum products) and solids in slurry form. IMODCO also designs, procures and installs mooring systems for mooring process/storage tankers. Wiley Manufacturing, a medium-sized shipyard in Maryland, is a leading North American fabricator of steel tunnel tubes and also designs and builds specialty marine vessels for energy-related users. DB/McDermott is a partnership with McDermott Incorporated to do research, engineering, fabrication and construction of offshore drilling and production platforms

and installations of marine pipelines for the offshore oil and gas industry in Canada. Halifax Industries, in which the Company acquired a one-third interest and assumed management responsibility in September, owns and operates two shipyards in the vicinity of Halifax, Nova Scotia.

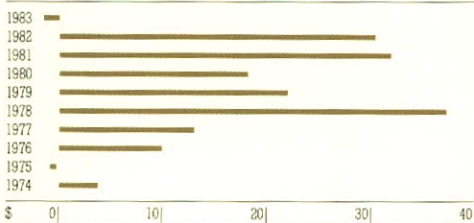
IMODCO suffered a loss due to continual postponements in pending contracts arising from project delays associated with declining oil prices. Contracts were, however, completed for SPM systems for the United Arab Emirates, Qatar and India, and a major tanker conversion project for Indonesia. IMODCO is concentrating on broadening its product base and strengthening its market position as a supplier of yoke mooring systems.

Wiley Manufacturing failed to book significant new work which resulted in a loss and major staff reduction. The anticipated integrated tug-barge contract commented upon in last year's annual report has, unfortunately, been indefinitely postponed. Other marine contracts for this operation are being aggressively pursued. With the ship and barge industry in a distressed state, management is also concentrating on obtaining new products and projects which could utilize the production capabilities of the Wiley yard.

Halifax Industries booked substantial new work in late 1983.

### Operating Profit

(In Millions)



- Litwin Engineers & Constructors
- Litwin S.A.
- ORBA

### Marine Division

- DB/McDermott \*
- Halifax Industries \*\*
- IMODCO
- Wiley Manufacturing

\* A 50 percent-owned non-consolidated partnership

\*\* A 33.3 percent-owned non-consolidated subsidiary



## Financial, Marketing, Licensing Services and Special Products

**Results:** Sales of \$59 million were down 63 percent and operating profits of \$6 million were down 79 percent compared with the record performance of 1982. In particular, the consumer products business was impacted negatively by the decline in the kerosene heater market, largely related to the unusually mild winter of 1982-83.

**Outlook:** The international money management, licensing, financing and marketing services provided by this segment continue to play a key role in enabling the Company to effectively market products throughout the world. International operations continue to be expanded with an office opened in London during 1983 and another scheduled for Tokyo in 1984. Earnings should rise in 1984 as a result of the expansion moves, an improvement in the market served by Consumer Products and the introduction of new woodlands products for harvesting and processing standing timber.

### AMCA Netherlands B.V.

AMCA Netherlands B.V., from headquarters in Amsterdam and through branches and subsidiaries elsewhere, is engaged in a range of business activities associated with an international holding company including licensing of AMCA's proprietary patents and

North American buyers of AMCA products have the advantage of financial assistance with their purchases through Koehring Finance Corporation, headed by R. C. Lackenbauer, and AMCA International Finance.



Focus of the Company's international financial, marketing and licensing activities is in Europe where world market buyers work with AMCA Netherlands B.V.

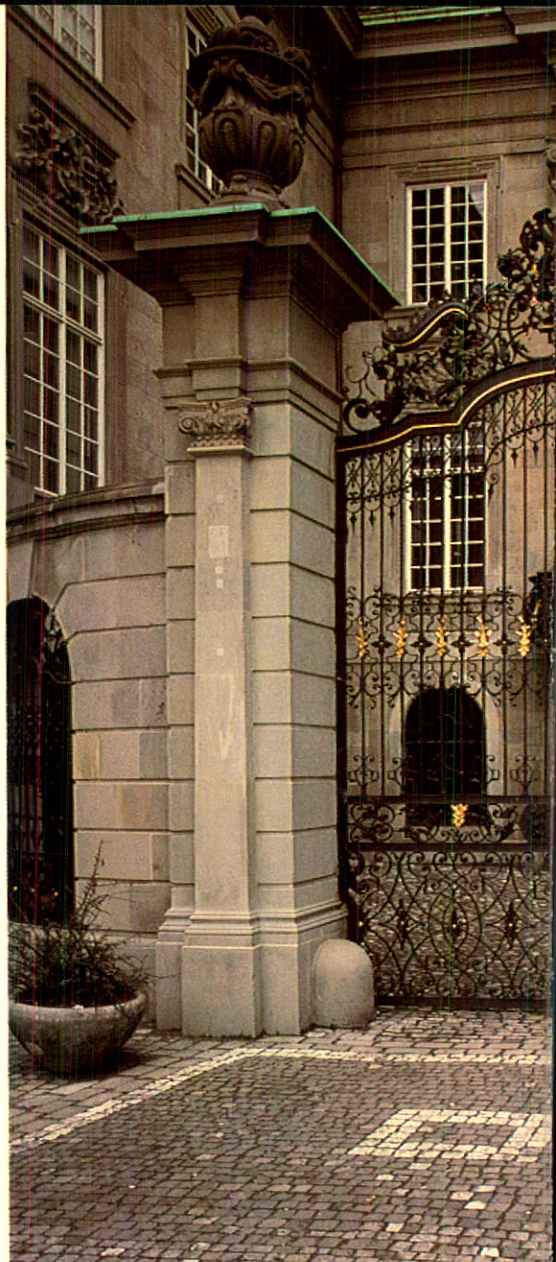
trademarks throughout the world and providing purchasing, distribution and related services for raw materials, components and finished products for use by AMCA manufacturing operations worldwide. These activities complement the unit's main function which is international financing carried on by a Swiss branch, located in Fribourg. This business booked a record level of loans in 1983 to support sales of AMCA International products and services.

### AMCA International Finance Ltd.

AMCA International Finance Ltd. (AIF), a wholly-owned unconsolidated Canadian subsidiary, with headquarters in Calgary, provides a broad range of financial services to support the sale of AMCA products with activities limited to transactions for Canadian operations. In 1983, its first full year of operations, AIF achieved modest profitability. Volume should increase in 1984, reflecting an anticipated moderate improvement in business available to this unit.

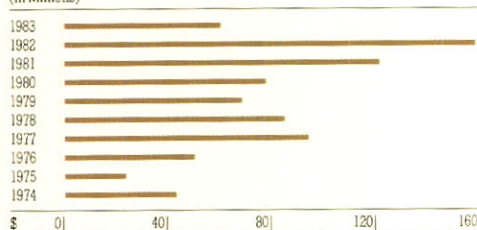
### Span Holdings Limited

Span Holdings Limited, based in Nassau, Bahamas, owns or has under license rights to market throughout most of the world a variety of AMCA products including Varco-Pruden pre-engineered buildings, Clyde Whirley cranes, shipdeck equipment, hoists and derricks. Span's 1983 business suffered from a weak international capital goods market and the strength of the U.S. dollar. The combination resulted in poor operating results. Span anticipates that there will be improving and expanding markets in 1984 for its main product line, Varco-Pruden buildings.



### Sales

(In Millions)



**AMCA International Finance Ltd.**  
**AMCA Netherlands B.V.**  
**Consumer Products**  
**Koehring Canada**





and Span Holdings S.A. R. W. Johnson (left) is managing director of Span S.A. D.E.L. Walsh is managing director of AMCA Netherlands.



Comfort Glow® zone heater, introduced in 1983, combines convenience of heating with natural gas or LP gas with the economy of zone heating. These heaters reduce need for total reliance on central heating system.

### Span Holdings S.A.

Span Holdings S.A., located in Fribourg, Switzerland, purchases from worldwide sources raw materials, components, products and equipment for resale to AMCA units. The division also markets a range of AMCA products, particularly in European, Asian and North African markets. Span's operating performance in 1983 did not match the record results enjoyed in 1982, attributable to weak demand for its products and services, particularly consumer items. Span has dramatically increased the product lines it offers and, with markets generally improving, has a bright operating outlook in 1984.

### Koehring Finance Corporation

Koehring Finance Corporation (KFC), a wholly-owned unconsolidated United States subsidiary, provides financial services for the sale in North America of products manufactured by AMCA International. Services include wholesale and retail financial assistance in the form of floor plans, installment sale plans, lease purchases and fleet rentals. Earnings declined from 1982 as a result of recession-related reduced levels of wholesale financing. In 1984 KFC will establish regional offices in Atlanta and Texas to provide expanded service to customers seeking financing for the purchase of AMCA products.

### Consumer Products

Consumer Products, headquartered in Kentucky, is responsible for all of AMCA's consumer-oriented products including the manufacture and marketing of portable kerosene heaters and oil-fired heaters. These heater products are sold under Comfort

Glow®, Koehring® and private brand labels. The division also manufactures electric chain saws and special consumer and contractor hand tools sold under the Remington® name.

This unit experienced a steep decline in sales and earnings as a result of the collapse of the kerosene heater market, inventory carry-over stemming from warm weather as well as unfavorable publicity that was subsequently established to be unwarranted surrounding the use of kerosene heaters. Sales of chain saws and hand tool product lines continued the growth pattern established in the previous year. Results in 1984 are expected to improve significantly with a return to more normal kerosene heater market conditions, the introduction of several new consumer products, and the favorable effect of cost reduction programs launched in 1983.

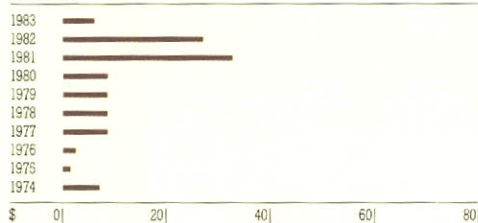
### Koehring Canada

Koehring Canada, located in Brantford, Ontario, manufactures specialized machinery for harvesting and processing pulpwood and other forest products. The unit also manufactures a limited line of paper mill machinery sold under the Waterous name.

While sales of woodlands harvesting equipment and the Waterous pulpmill machinery showed improvement over 1982, results fell short of anticipated levels. During 1984 it is expected that new products, expanded rebuild services for pulpmill grinders and a better pulp processing market will contribute to improved sales and profitability.

### Operating Profit

(In Millions)



**Koehring Finance Corporation**  
**Span Holdings Ltd.**  
**Span Holdings S.A.**



## Industrial Products

**Results:** Sales of \$447 million were up \$88 million or 25 percent compared with 1982. Operating profit of \$25 million declined by \$14 million. The increase in sales was due to inclusion of the G&L machine tool and industrial operations for a full year in 1983 versus five months in 1982 and the Anco/Votator product line acquisition. Unfortunately, margins and profits remained generally depressed due to continuing price competition, from domestic and foreign sources, for the sharply reduced available business. A step-up in defense-oriented projects and a pickup in the automotive and housing sectors had a beneficial effect upon industrial product operations.

**Outlook:** Sales and earnings are expected to show significant improvement in 1984 as a result of improved market conditions and a broadened customer base. Several businesses in this sector produce capital goods for a broad cross section of markets such as the automotive, construction equipment, farm equipment, aerospace, defense and housing markets. These areas of the economy are expected to rebound in 1984, aiding the sale of AMCA's industrial products. Many of the operations have already benefited from an increase in automotive and housing markets during the latter half of 1983, and anticipate continued growth in 1984, however, improvement in machine tool results will not likely be evident until the second half of 1984.

### Aerospace

The Aerospace Division is composed of Fenn Manufacturing and Monroe Forgings. Fenn machines helicopter components to precise tolerances and produces a variety of metal forming machines while Monroe makes alloy metal forgings used in the

Gelatin capsules containing drugs are used extensively by the pharmaceutical industry. Cherry-Burrell is a leading manufacturer and world marketer of these capsule forming machines.



manufacture of jet engines. The division achieved a modest increase in sales and maintained its level of profitability despite softness in the machinery and commercial jet engine forging markets. The customer base was significantly expanded with participation in several new major defense contract programs as a prime subcontractor. Continued growth in sales and earnings is anticipated in 1984 due to defense spending, the expanded aerospace customer base and acceptance of the new line of Veetrac® wire drawing machines.

### Cherry-Burrell

Cherry-Burrell, headquartered in Iowa and with plants in Kentucky and New York, is a world leader in the manufacture of sanitary packaging and processing equipment for the beverage, food and pharmaceutical industries. Major product lines include gable-top beverage carton fillers, process equipment such as homogenizers and ice cream machines, stainless steel fittings and valves, tanks and vessels. Cherry-Burrell enjoyed the best sales year in its history with shipments substantially up over 1982 helped by the acquisition of Anco/Votator (food, meat and chemical processing equipment) and increased shipments of pharmaceutical and aseptic packaging systems. New generations of beverage carton fillers and plastic jug filling equipment were also introduced to the market in late 1983. Sales and earnings are expected to improve in 1984 as a result of the new product introductions and improved market conditions.

### Drilling Equipment

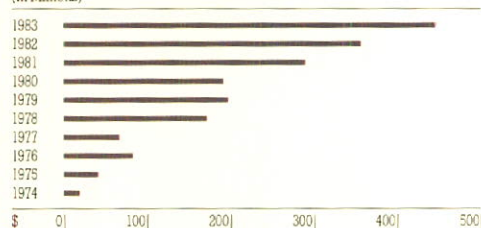
Speedstar manufactures water and shallow oil well drilling equipment. It is a major supplier of water well drilling equipment in both domestic and international markets. Speedstar had an especially strong year, with overseas sales more than double those of 1982

Automated assembly line at American Motors plant in Ohio was engineered and installed by Gilman. Line incorporates 29 robots that strike 1,200 welds on



### Sales

(In Millions)



### Aerospace

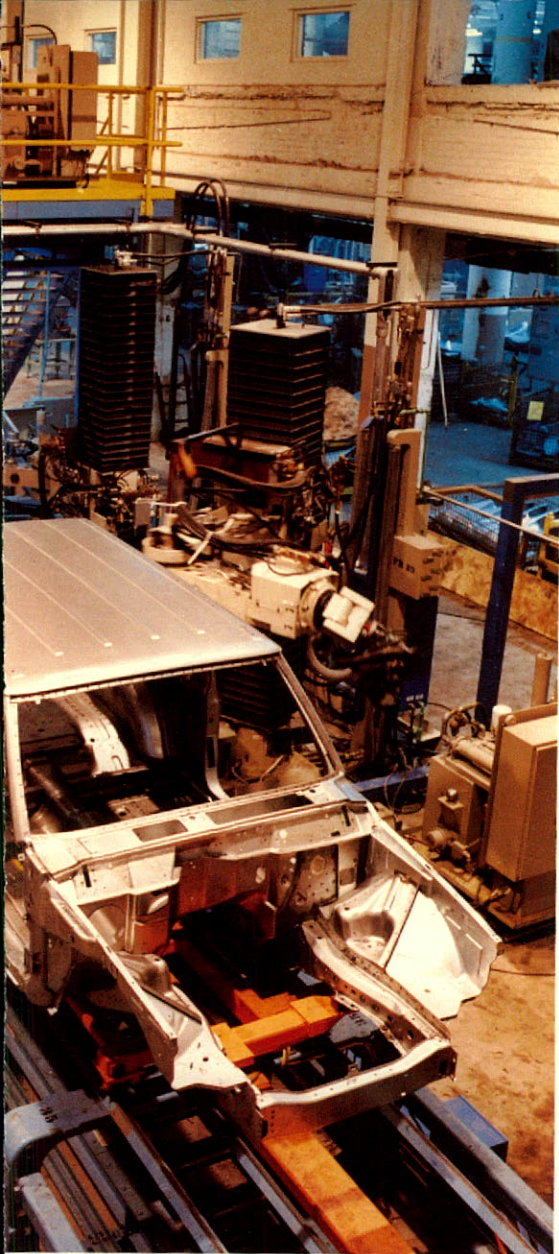
– Fenn Manufacturing  
– Monroe Forgings

Cherry-Burrell  
– Anco/Votator

Drilling Equipment  
– Speedstar

Industrial Components  
– Benton Harbor  
– Continental/Midland  
– HUSCO  
– Jackson Buff  
– Janesville Products  
– Osborn  
– Pressed Steel Tank





each AMC Sport-Wagon body. System uses latest technology to assure maximum body strength and precision assembly to microscopic tolerances.



Fenn Manufacturing makes the main rotor hub assembly for the U.S. Army's AH-64A Apache, a twin engine ship that represents the optimum in attack helicopter technology.

and a corresponding increase in operating profits. In November the Company sold the assets of Morgan Petroleum Equipment which had been an unprofitable business for AMCA due to the decline in drilling activity by the domestic oil industry following the drop in world oil prices.

#### Industrial Components

Industrial components activities include Janesville Products, manufacturers of urethane foam and non-woven fibrous products for automobile seats, padding and undercarpet padding; Continental/Midland, producers of threaded and non-threaded fasteners for the construction, automotive and appliance industries; Benton Harbor and HUSCO, manufacturers of valves and cylinders for the construction, mining and agricultural equipment industries; Pressed Steel Tank, manufacturer of high pressure tanks for a variety of consumer and industrial applications; Osborn and Jackson Buff, manufacturers of power brushes, buffing and polishing wheels and foundry equipment.

Sales and earnings of Janesville Products increased sharply, reflecting improved conditions in the automotive industry and, in particular, sales of automotive padding and undercarpeting. Fastener sales and earnings continued to be disappointing although major strides were made by a plant closure and consolidation of all operations into one plant. As a result, significant improvement in results is expected in 1984. Benton Harbor, HUSCO and Pressed Steel Tank bookings increased late in the year, indicating a firming of the industrial base. Sales and earnings of power brushes and buffs were significantly ahead of the prior year, reflecting increased demand for these products and are expected to further improve in 1984.

#### Machine Tools

The machine tool group consists of the machine tool-related operations of recently

acquired Giddings & Lewis, a world class designer, manufacturer and marketer of an extensive range of high-precision, heavy-duty metal-cutting machine tools, automatic assembly machines, transferline machinery, complete manufacturing systems and specialty equipment such as industrial balancers and related tooling, accessories and controls. It is also a major producer of computer numerically controlled (CNC) machine tools with or without automatic tool changing.

Giddings & Lewis machine tool operations, like other manufacturers worldwide, were buffeted by the low level of bookings in 1983 and, as a consequence, earnings were below planned levels. Despite market conditions, AMCA believes that the G&L Machine Tool and Gilman units in particular out-performed the industry. G&L flexible manufacturing systems and Gilman automatic assembly machines were installed in a number of major U.S. automotive, appliance and industrial facilities in 1983. The outlook for 1984 is for moderate improvement in activity levels as the year develops. Significant improvement in bookings and backlog is anticipated during the last half.

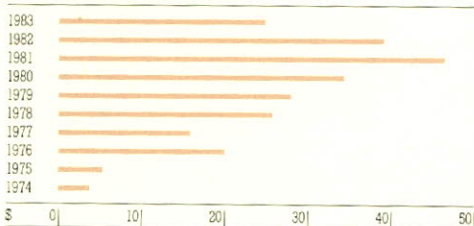
#### Marine and Industrial Cranes

Marine and industrial crane operations includes Clyde, Morgan and Provincial. Clyde designs and manufactures revolving *Whirley* cranes and specialized equipment for lifting and pulling extremely heavy loads. Morgan and Provincial design, manufacture and market overhead cranes for the industrial, steel mill and utility markets. Sales and earnings declined sharply, reflecting depressed market conditions.

Morgan and Provincial were extremely depressed throughout the year due largely to the state of the primary metals markets in the United States. As 1984 commenced, the Company made a decision to close the Morgan plant in Ohio and consolidate the Morgan product line into other AMCA locations. While the stevedoring and offshore markets for Clyde cranes were slow, a new line of smaller sized *Whirley* cranes for shipyard work was introduced successfully.

#### Operating Profit

(In Millions)



#### Machine Tools

- Basic Electronics
- Davis Tool
- G&L-Bickford
- G&L Electronics
- G&L Foundries
- G&L-Fraser
- G&L Machine Tool
- Gilman
- Marshall & Huschart
- Pegasus
- Snyder

#### Marine and Industrial Cranes

- Clyde
- Morgan
- Provincial



## Steel Products and Services

**Results: Sales of \$248 million were down \$37 million or 13 percent from 1982. The combination of reduced sales and slim profit margins resulted in a loss of \$1 million compared to operating profits of \$18 million in 1982. Bookings and margins in fabrication and construction operations continued to fall throughout the year due to reduced capital spending across Canada. Manitoba Rolling Mills and the steel service centers bottomed out early in the year and operated profitably thereafter reflecting the overall pace of the industrial recovery in the Canadian economy.**

**AMCA operations in Canada were cut back drastically during the year with the effect of cost reductions only partially offsetting the impact of distressed pricing. These continuing measures will provide significant leverage on operating profitability when volume and margins improve.**

**Outlook: Capital spending in Canada is not expected to increase materially until late 1984 and will therefore have minimal effect on 1984 results. Year-end backlog of \$191 million is down 33 percent from last year with margins also lower. MRM and the steel service centers are benefiting from the general economic recovery but fabrication and construction service activities are expected to slide further from the depressed 1983 level.**

Though operating at 65 percent of capacity, Manitoba Rolling Mills achieved planned sales and earnings. Aggressive marketing aims for a greater share of U.S. sales for MRM's special sections.



The Company operates seven fabricating facilities, a rolling mill and ten steel service centers in Canada and is a 51-percent partner in Dominion Bridge-Sulzer. Manufacturing plants produce a wide range of products including structural steel, plate and specialty products and products for the electric utility, communications, resource mining and handling, transportation and petroleum markets. The Company's construction services include worldwide project management, erection, installation and turnkey services. The Western Canada Division designs, engineers and constructs in Canada, under license, coal preparation and handling facilities.

Canadian operations, headquartered in Toronto, include: Eastern Canada (Toronto), Western Canada (Calgary), Manitoba Rolling Mills (Selkirk) and Dominion Bridge-Sulzer (Montreal).

### Eastern Canada

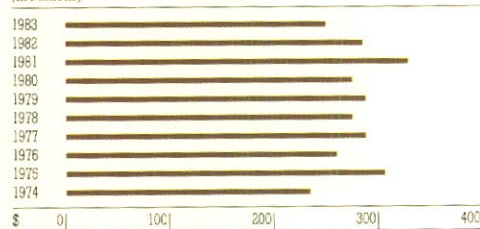
The recessionary economy and the high cost of money resulted in a drop in capital spending. Market demand for industrial products and construction products and services throughout the eastern sector of Canada fell to less than 50 percent of normal during the year. As a result, the Company's Eastern Canada Division suffered a decline in sales and earnings. A new business unit was founded during the year. Called DB Process Equipment and headquartered in Toronto, this new unit designs, manufactures and markets a wide range of proprietary process equipment and systems for industrial applications. Included in the product line are

While the Company's Canadian operations were substantially down during 1983, all-encompassing cost reductions were implemented that position these units to benefit as



### Sales

(In Millions)



### Dominion Bridge-Eastern Canada Dominion Bridge-Sulzer\*

\* A 51 percent-owned non-consolidated subsidiary.



the North American economy turns around. AMCA's network of steel service centers across Canada and Manitoba Rolling Mills operated profitably after bottoming out early in 1983.



Fourteen topside modules, built by Dominion Bridge-Sulzer, were shipped from Montreal in 1983. The modules will be installed aboard a mobile caisson that will operate offshore in the Arctic.

filters, blenders, thermal processors and electrical switchgear as well as custom pressure vessels and heat exchangers.

#### **Dominion Bridge-Sulzer**

Dominion Bridge-Sulzer is a joint venture with Sulzer Brothers Limited of Switzerland. The joint venture continued to suffer losses in 1983 and still suffers from weak market conditions. In mid-summer Dominion Bridge-Sulzer completed and delivered, on schedule, 14 top-side modules, a \$26 million contract, for Gulf Canada's mobile arctic caisson. DB-Sulzer also delivered a 900,000-kilowatt nuclear reactor valued at about \$10 million for the new Darlington nuclear generating station in Ontario.

#### **Western Canada**

Western Canada Division suffered a significant decline in bookings and shipments, given its depressed markets—particularly natural resources—and the decline in price levels due to competitive pressures. As a result, this division suffered a major swing in profitability from the prior year and incurred a loss in 1983.

The turnkey Gregg River coal processing plant for Minalta Coal Company was completed during the year. Built by DB Engineers & Constructors, the plant is designed to process over two million tons of coal annually.

A major turnkey contract for the design and construction of a large coal processing and handling terminal in Indonesia, booked last year in partnership with Balfour Beatty Construction Ltd. of England, is progressing well with initial erection scheduled to start in

the spring of 1984. AMCA participants in the project include DB Engineers & Constructors, Dominion Bridge-Ontario, Dominion Bridge-Sulzer and ORBA. Financing is being provided by the Export Development Corporation of Canada.

Market activity shows signs of improvement, but results in 1984 will continue to reflect low volume and depressed pricing.

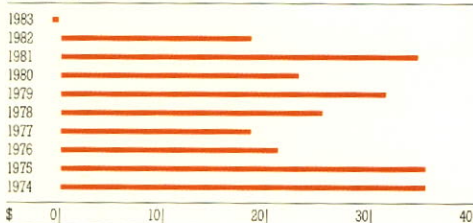
#### **Manitoba Rolling Mills**

While the general slump in Canada's steel industry negatively affected the Manitoba Rolling Mills operation, nonetheless the plant operated at about 65 percent of capacity through the year and achieved the planned level of sales and earnings.

Work proceeded on upgrading and restructuring plant facilities to effect greater efficiencies and to improve overall productivity. MRM also moved ahead with an aggressive marketing effort to exploit the mill's wide product range capability and continued penetration of the U.S. market for special sections. MRM's results in 1984 should show continued growth from 1983 levels.

#### **Operating Profits**

(In Millions)



#### **Dominion Bridge-Western Canada Manitoba Rolling Mills**



### Productivity

Improving productivity per employee has been a major objective as the Company continued to cope with the world recession. As employment levels were tightened to reduce overhead, seasoned employees were called upon to work even more efficiently in all disciplines.

Computer aided design (CAD) and computer aided manufacturing (CAM) are increasingly an AMCA way of life, illustrated by a state-of-the-art CAD system recently installed at the Company's Winnipeg facility for structural steel detailing. This is a pilot project for ultimate use in other Canadian operations. A new program has also been started to introduce a comprehensive manufacturing information system at US-based crane and excavator units.

On the office side, excellent progress has been made in computerized automation of the Company's financing units. Additionally, installation of word processing equipment has proceeded at many locations with 31 Company units now part of the "electronic mail" network which provides instant or overnight delivery of communications from point to point, including overseas.

In manufacturing, a number of productivity improvements have been made including installation in Germany of a robotic welding system at BOMAG-MENCK and continuation of a long-term project to install an automated parts and materials storage and retrieval facility at the Giddings & Lewis Machine Tool operating unit. This is the first phase in a program to further modernize and upgrade that operation. It should also be noted that at several AMCA locations new Giddings & Lewis computer numerically controlled machine tools have been installed to improve productivity and finished goods quality.

Responding to demands for smaller, more versatile cranes for naval and commercial shipyards as well as for stevedoring operations, Clyde introduced the

Improvements in manufacturing facilities planned for 1984 include completion of the second phase of expansion at Varco-Pruden's newest operation in St. Joseph, Mo., and an overall modernization of facilities at Benton Harbor Engineering.

### Cost Reduction

As part of the Company's continuing effort to keep costs at a minimum, a wide-ranging, Company-wide cost reduction program was implemented during the year. This program has become an integral part of each division's operating plans for the future and has already produced positive results with each operating unit assigned specific cost reduction goals as part of the 1984 profit plan. The overall Company goal is to achieve a minimum three percent reduction in costs in 1984.

Assisting operating units with their cost reduction efforts, the corporate engineering and manufacturing staff is counseling in such important areas as employee productivity, material costs, value engineering, welding, paint and coatings, energy and utilities and transportation.

### Innovation

Product innovation and improvement is a critical part of the plans of all units, particularly those manufacturing proprietary products. Many new and innovative concepts were introduced by AMCA units during 1983. Continued design-engineering is particularly important when the economy is down, orders scarce and customers are insisting upon the best value for their dollar.

Some prominent innovations during the year included:

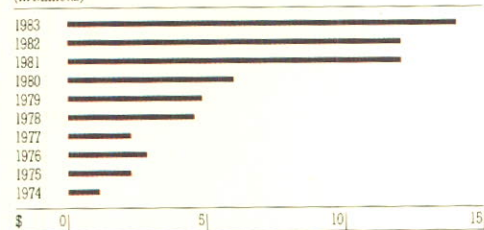
- a new line of MENCK hammers for onshore applications to complement offshore business;
- a new line of more compact gable-top carton fillers that operate faster and quieter than previous models as well as a volumetric rotary filler developed by Cherry-Burrell enabling faster, more accurate filling of blow-molded jugs, especially for milk;

Worthy of special note is the application of Company innovations at customer locations,



### Research and Development Expenditures for Products, Processes and Systems

(In Millions)







CS Series Whirley® during 1983. This crane unloads scrap metal from barges on Mississippi River for processing at Bayou Steel's mill in Louisiana.

such as G&L's unique flexible manufacturing systems which operate in the plants of companies like General Electric, General Motors and American Motors in the United States and Anderson Strathclyde in the United Kingdom.

Innovation in product and process technology is pursued jointly by division and corporate staff resource groups. Expenditures for applied research and development have continued to increase with the current annualized expenditure at \$14 million.

### Investment

Excluding major acquisitions such as Koehring in 1980 and Giddings & Lewis in 1982, capital investment in facilities, equipment and systems over the last five years totalled \$144 million. This included facilities expansion to increase production capacity, installation of state-of-the-art equipment to achieve cost reduction and construction of new facilities to accommodate introduction of new products or to open new territories for existing product lines. Following are some of the major capital investments made by the Company during 1983:

- development and successful introduction and acceptance of a smaller-sized Clyde Whirley crane that responds to the unique lifting and movement requirements of the new generation of smaller shipyards in the United States;
- the PC-409 programmable controller introduced by G&L Electronics, a cost-effective alternative to other types of systems for complex motion control – costing the customer up to 50 percent less than conventional controls;
- Snyder's new NumeriStation™ control which features the PC-409 and is used by the automotive industry to permit custom machines to handle a given family of parts and then rapidly, and inexpensively, convert for a different part run;
- the new Gilman Sync'rousel II® automatic assembly machine for putting together simple assemblies at speeds up to 3600 parts an hour;

— further refinement of the computer design system used by the AMCA Buildings Division to make possible a complete structural design in minutes and full erection drawings in a matter of a few days.

- installation of G&L computer numerically controlled machine tools at various facilities throughout the Company;
- installation of an automatic storage and retrieval facility at G&L Machine Tool;
- erection of a new centralized facility at Manitoba Rolling Mills to improve the productivity of maintenance operations and reduce down-time at the mill;
- a new material storage facility at BOMAG-MENCK to improve service to assembly operations and remote service centers as well as reduce indirect labor;
- installation of the first robotic welding system at BOMAG-MENCK resulting in a 4:1 productivity improvement;
- a new painting facility at the Dominion Bridge-Winnipeg plant that has not only reduced costs but has also upgraded quality of painted items and increased capacity;
- improved productivity in welding operations in the Company's structural plants by upgrading welding methods.

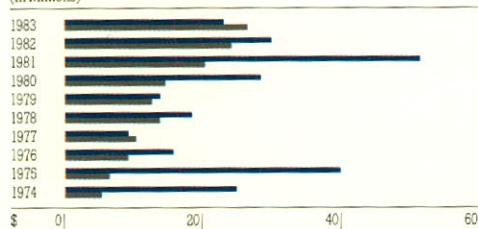
Also, acquisition during 1983 of Stran Buildings added two new lines, Stran and Quonset, to AMCA's line of pre-engineered buildings.

### Asset Management

Control of working capital continued to receive major attention at all divisions. Working capital, as a percentage of the sales dollar, has been reduced by concentrated effort during the past decade to 19.5 cents.

### Capital Expenditures and Depreciation

(In Millions)





## People: The Most Important Asset

### Coping with Recession

AMCA's work force was further reduced in 1983. Since the beginning of the recession, when employment stood at about 24,000 (including Giddings & Lewis), employee headcount has dropped about one-third to approximately 15,000 at year-end. Much of the reduction in salaried people was accommodated by the continuing focus on improved management and administrative systems. These reductions have been made in a highly selective manner as the Company has retained its seasoned employees to preserve rebound capabilities.

### Beating National Averages

AMCA's personnel cost index, which measures absenteeism, turnover and accident incidence, improved over 1982. The Company is respectively 30 percent and 20 percent below U.S. national levels in absenteeism and turnover.

### Training for AMCA's Future

Because of AMCA's commitment to management improvement, the Executive Development Program continued at Dartmouth

College's Amos Tuck School of Business Administration – in spite of an unattractive economy. The fourth annual course was completed with 21 managers graduating. To date a total of 84 key employees have completed the intensive training program.

**Home Grown Managers**  
The credentials of more than a thousand senior employees are now in the Company's computerized data bank referred to in last year's annual report. Data bank information tracks employee performance as well as the usual biographical data and is a useful tool in identifying candidates for promotion.

During the year, AMCA maintained an ideal blend of new versus seasoned management personnel. Seventy-five percent of significant promotions were from within the Company. This mix maintains the Company's ability to perpetuate AMCA's management philosophies while benefiting from the infusion of new management techniques and experience gained from other companies.

**Holding the Line on Health Care**  
Like others, the Company has become more and more concerned about the escalating cost of employee fringe benefits. This year specific steps were taken to slow down rising costs of health care, which increase nationally at 20-25 percent annually, by initiating a comprehensive medical cost containment program. As a keystone in the successful implementation of the program, the Company launched an employee communication campaign designed to make employees aware of the high cost of health care. The program went into effect for non-union employees in January 1984 and will continue to be introduced to others through the labor negotiation process as it was in 1983.



Reductions in AMCA's work force have been made in a highly selective fashion with seasoned employees retained to preserve rebound capabilities.







improved productivity was reflected during 1983 as 22 contracts were settled, extending to 45 the total of successful negotiations since 1981.

While benefits under the plan were not changed, employees now share a percentage of the costs as well as helping control medical bills. Employees and their families are still protected against financial disaster should they be confronted with costly treatment. The cost reduction program has proven successful and already health care costs have decreased. Management continues to maintain vigilance over this important and costly employee benefit.

#### **Health and Safety**

In 1983 the Company made further progress in its continuing effort to prevent on-the-job accidents. A series of health and safety seminars was conducted at most Company locations. The seminars, run jointly by Company personnel and representatives of AMCA's primary insurers, have delivered commendable results in the form of a marked reduction in accidents.

#### **Labor Relations**

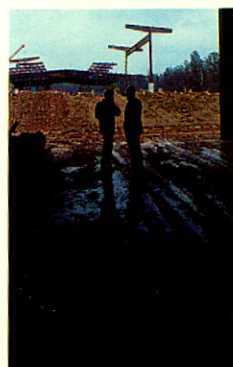
Excellent relations existed between the Company's operating units and their organized employees during 1983. In the United States, AMCA employees and their unions reached improved understanding of the negative effects of the deep recession, reduced demand for Company products, the lower rate of inflation and the need to accept smaller settlements than in the past. Unfortunately, the realism expressed by U.S. labor was not as apparent in Canada until the year waned but Canadian employees now appear to be accommodating the economic realities in a responsible fashion.

No work stoppages occurred at any AMCA plant during 1983, a record that has continued through the last 45 contracts – since late in 1981. During the year 22 contracts were settled: 14 at locations in the

United States, seven in Canada and one in the Virgin Islands.

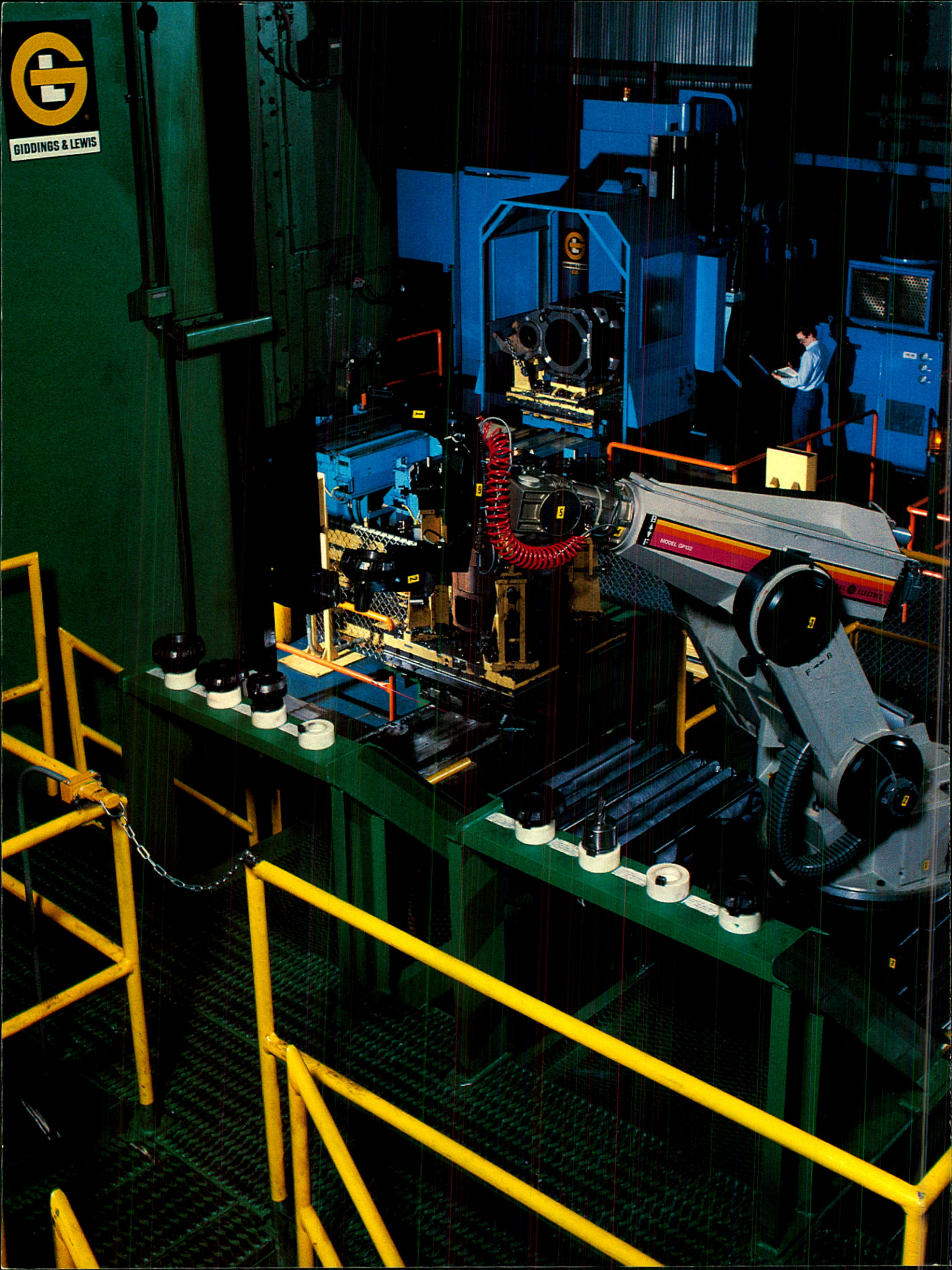
Several factors contributed to AMCA's 1983 labor settlements. Of importance was the effort made to keep employees informed about the adverse impact of the recession and the related need for cost containment and improved productivity. These efforts paid dividends.

The Company continues to stress the need for restraint through 1984 with salaried and bargaining unit employees. AMCA expects favorable labor relations and settlements in 1984 throughout the United States, and more realistic expectations in Canada where building trade contracts are scheduled to expire in most Canadian provinces during the second quarter. AMCA plans to seek concessions designed to help the Company compete with the growing trend toward nonunion labor and to recognize the diminished level of construction activity at the present time.



AMCA strives to maintain a blend of new versus experienced management personnel. Since 1983, 75 percent of significant promotions were from within the Company.





BIDDINGS & LEWIS



## Management's Discussion and Analysis of Financial Condition and Results of Operations

In late 1983, AMCA provided for losses related to the discontinuance of certain oil field equipment and overhead traveling crane operations previously included in the Industrial Products segment and certain construction crane operations included in Construction Products. As a result, a nonrecurring charge of \$22.6 million net of income taxes of \$20.4 million was recorded. For the years ended December 31, 1983, 1982 and 1981, these businesses incurred net losses of \$11.1 million, \$4.7 million and \$340,000, separately classified as discontinued operations in the consolidated statements of operations for those years. Accordingly, the following discussion and analysis for each of those years deals with results from continuing operations only.

### Results of Operations 1983-1982

Revenues in 1983 of \$1,262.3 million decreased 10 percent from \$1,391.9 million in 1982 with a loss from continuing operations sustained amounting to \$5.6 million compared to income in 1982 of \$52.6 million. Giddings & Lewis was acquired effective August 1, 1982. Accordingly, a full year's results of operations for this business are included in 1983 while only the five months (from the date of acquisition) are included in 1982. If Giddings & Lewis had been acquired as of January 1, 1982, the unaudited pro forma consolidated revenues and net income from continuing operations of AMCA would have been \$1,588.3 million and \$55.6 million, respectively, in 1982. Revenues in 1983, on a pro forma basis, reflect a decrease of 21 percent

Whereas AMCA entered 1982 with a record backlog of \$807 million booked substantially at pre-recession price levels, the flow of new orders decreased throughout 1982 as a result of poor worldwide economic conditions. With the large and profitable backlog going into 1982, the impact of recession on results was not felt until the last half of the year. AMCA ended 1982 with a lower backlog of \$577 million, which contained work booked during the recession, at decreased profit margins. This impacted each of AMCA's business segments in 1983 and generally resulted in reduced sales and operating profits.

The major factors affecting sales and operating profit by segment were as follows:

**Construction Products.** Sales and operating profit declined eight percent and 68 percent, respectively. Cranes and excavators continued to suffer as worldwide construction stagnated. Special construction equipment, including material handling machines, also reflected the softness in the industry. Compaction equipment sales fell off as the world market dwindled due largely to weakening oil prices among OPEC nations and the mounting debt burden in Latin America.

**Engineering and Construction Services.** Sales dropped 16 percent resulting in an operating loss of \$1.8 million compared with an operating profit of \$30.2 million in 1982. Results were severely impacted by the lack of significant follow-on work to the Baltimore tunnel tube project and the continued weakness of the worldwide energy and petrochemical industries. Despite generally weak results in this segment, metal building sales and operating profit improved significantly over the prior year.

**Industrial Products.** Sales of \$446.7 million increased 25 percent while operating profit of \$25.1 million declined by \$13.6 million. A full year's results for Giddings & Lewis are included in 1983 versus five months in 1982. If Giddings & Lewis had been acquired as of January 1, 1982, sales and operating profits for this segment in 1983 would have decreased 20 percent and 65 percent, respectively. Margins and profits remained generally depressed due to continuing

price competition, from domestic and foreign sources, for the sharply reduced available business. A step-up in defense-oriented projects and a pickup in the automotive and housing sectors had a beneficial effect upon industrial product operations.

**Steel Products and Services.** Sales of \$247.7 million were down 13 percent from 1982. The combination of reduced sales and slim profit margins resulted in a loss of \$521,000 compared to operating profit of \$18.3 million in 1982. Bookings and margins in fabrication and construction operations continued to fall throughout the year due to reduced capital spending across Canada.

**Financial, Marketing, Licensing Services and Special Products.** Sales of \$59.7 million were down 63 percent and operating profit of \$5.5 million was down 79 percent from 1982. In particular, the consumer products business was impacted negatively by the decline in the kerosene heater market, largely related to the heavy inventory carryover associated with the unusually mild winter of 1982-83.

AMCA closed the year with a backlog of \$545 million, with significant reductions in the longer lead-time steel fabrication and construction operations in Canada partially offset by increased backlog in industrial products and certain engineering and construction operations which respond more quickly to upturns in the business cycle.

Equity in pre-tax earnings of unconsolidated subsidiaries in 1983 decreased 77 percent to \$1.8 million from \$8.1 million in 1982, primarily a result of lower earnings from Koehring Finance Corporation caused by a lower volume of construction equipment sales.

Selling, general and administrative expenses of \$238.8 million in 1983 compared with \$238.1 million in 1982. Savings associated with cost reduction activities offset the additional expense of including Giddings & Lewis for 12 months in 1983 versus five

Several units of AMCA's machine tool group produced the elements for the flexible manufacturing system at General Electric's modernized locomotive traction motor plant in Erie, Pa. Installation of this multi-million dollar automated factory has increased General Electric's production capacity by 38 percent - in 25 percent less space - while reducing the manufacturing cycle per unit from 16 days to 16 hours.



## Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

months in 1982, and one-time expenses associated with the consolidation and retrenchment of certain operations other than those discontinued.

Depreciation and amortization increased by 20 percent in 1983 compared to 1982 and totaled \$37.5 million compared to \$31.3 million primarily resulting from the acquisition of Giddings & Lewis in the third quarter of 1982.

Net interest expense in 1983 decreased approximately 10 percent from 1982 due to the effect of lower interest rates albeit on higher levels of outstanding debt.

AMCA has taxes recoverable of \$41.4 million on the loss from continuing operations, before income tax recoveries, of \$47.0 million for 1983. This high rate of recovery was the result of losses in taxing jurisdictions with higher tax rates (United States and Canada), partially offset by continued earnings in tax jurisdictions with lower tax rates.

### Results of Operations 1982-1981

Revenues in 1982 of \$1,391.9 million were down six percent compared with revenues in 1981 of \$1,483.1 million. Net income from continuing operations in 1982 of \$52.6 million was down 26 percent compared to \$70.6 million in 1981.

Revenues and net income in 1982 reflect the acquisition of Giddings & Lewis, effective August 1, 1982. This acquisition has been accounted for as a purchase and results of operations from the date of acquisition have been included in the consolidated statement of operations. If this acquisition had been made at January 1, 1981, the unaudited pro forma consolidated revenues and net income from continuing operations of the Company would have been \$1,588.3 million and \$55.6 million in 1982, and \$1,859 million and \$82.7 million in 1981, reflecting a decrease in revenues of 15 percent and a decrease in net income of 33 percent.

The worldwide recession had a negative impact on the operations of all of AMCA's industry segments and overall 1982 results.

Although inflation abated materially and interest rates dropped sharply, a turnaround in the economy did not materialize in 1982. As a result of the recession-related decrease in demand, AMCA's unit and dollar volume of sales declined. In addition, as a result of competitive conditions, AMCA was forced to reduce its profit margins in pricing its products and services. Furthermore, export sales were negatively affected by the strong U.S. dollar. In order to minimize the negative impact of the weak world economy, AMCA reduced its overhead principally through employment cutbacks, abbreviated work weeks and expense reductions.

The major factors affecting sales and operating profit by segment were as follows:

**Construction Products.** Sales and operating profit of construction equipment dropped significantly (28 percent and 67 percent, respectively) due to the low backlog of orders entering the year and continued reduced demand throughout the year, reflecting the particularly adverse effect on AMCA resulting from the weakness in the construction industry. Within the segment, these declines were partially offset by shipments of compaction equipment outside of North America as a result of a strong backlog entering the year and continued demand for MENCK pile hammers.

**Engineering and Construction Services.** Although sales declined by 15 percent in response to the recession's effect upon the general construction, petroleum and petrochemical industries, operating profit was relatively stable (declining only five percent) because the continued performance on the previously contracted Baltimore tunnel tube project offset declines in profitability in remaining businesses.

**Industrial Products.** Sales increased by 22 percent and operating profit decreased by 17 percent. The results for 1982 included five months of operations of Giddings & Lewis from the date of acquisition (if Giddings & Lewis had been acquired at January 1, 1981, sales and operating profit would have decreased by 17 percent and 38 percent, respectively). These results reflect the overall weak condition of the U.S. industrial sector and the relatively low backlog with which this segment entered 1982. Significant declines occurred in those businesses dependent upon the automotive industry.

**Steel Products and Services.** Sales and operating profit declined by 13 percent and 46 percent, respectively, reflecting the depressed state of the Canadian economy which adversely affected all markets in which the segment operates.

**Financial, Marketing, Licensing Services and Special Products.** Although sales increased by 29 percent, reflecting the strong demand for portable oil-fired heaters, operating profit after eliminations decreased by 14 percent primarily as a result of the decrease in demand for harvesting and pulpwood processing machinery in Canada (again reflecting the poor condition of the Canadian economy) and the erosion of profit margins on sale of heaters due to increased competition in that market.

Selling, general and administrative expenses increased by \$28.9 million to \$238.1 million from \$209.2 million in 1981, due primarily to the inclusion of Giddings & Lewis expenses for the last five months of 1982.

Depreciation and amortization increased by \$8.8 million to \$31.3 million compared to \$22.5 million in 1981, due primarily to the acquisition of Giddings & Lewis.

Net interest expense increased by \$17.4 million to \$44.1 million compared to \$26.7 million in 1981. The interest expense increased as a result of an increase in United States long-term debt related to the acquisition of Giddings & Lewis, partially offset by lower interest rates on variable rate borrowings. In addition, interest expense reflects a full year's interest in 1982 on a third quarter, 1981 increase in Canadian long-term debt required to support operations. Offsetting these factors were the proceeds from an equity issue and the formation of AMCA International Finance Limited, both in the third quarter of 1982, which had the effect of reducing long-term debt in the consolidated statement of financial position by \$80.8 million and \$45 million, respectively.

The provision for income taxes in 1982 differs from the statutory rate, as a result of benefits taken on losses incurred in jurisdictions with rates approximating statutory rates being partially offset by taxes paid on



income from certain foreign operations in jurisdictions with lower tax rates. Income taxes as a percentage of income before taxes were lower in 1982, primarily because of losses from operations in higher tax jurisdictions (United States and Canada) and, to a lesser extent, as a result of increased taxable income (earnings from international financing and trading operations including interaffiliate loans) in lower tax jurisdictions.

#### **Results of Operations 1981-1980**

Revenues in 1981 were \$1,483.1 million, an increase of 48 percent over \$1,005 million in 1980. Income from continuing operations in 1981 was \$70.6 million, an increase of 43 percent over 1980 income of \$49.3 million.

The increase in revenues and income from continuing operations principally reflected the inclusion of a full year of Koehring Company results, whereas 1980 included only the four months following acquisition. If the above acquisition had been made at January 1, 1980, the unaudited pro forma consolidated revenues and income would have been \$1,310.1 million and \$64.5 million in 1980. Compared with the pro forma results, 1981 revenues and net income would have increased by 13 percent and 10 percent, respectively.

Major factors affecting sales and operating profit by segments were as follows:

**Construction Products.** Significant increases in sales and operating profit (195 percent and 262 percent, respectively) were primarily the result of inclusion of Koehring's construction products division for the full year versus only four months in 1980 and partially the results of increased demand for compaction equipment in Middle Eastern and Asian countries. The crane and excavator division began to be impacted by the depressed North American construction industry.

**Engineering and Construction Services.** Sales and operating profit increased 21 percent and 71 percent, respectively, primarily due to the progress of the Baltimore tunnel tube project. Varco-Pruden also experienced a significant sales increase. However,

the aforementioned downturn in the construction industry and resulting increased competitive pressures led to depressed profit margins. The remaining businesses showed year-to-year improvement but, in the second half of 1981, those remaining businesses, in particular the Litwin Companies, began to be affected by the downturn in the worldwide petroleum and petrochemical industries.

**Industrial Products.** The increases in sales and operating profit (52 percent and 37 percent, respectively) encompassed most businesses. Significant increases in demand for Whirley cranes and shallow oil well drilling equipment were somewhat offset by downturns in automotive related industries.

**Steel Products and Services.** Sales and operating profit increased (20 percent and 48 percent, respectively) across the board due to the backlog of profitable orders entering the year. However, profit margins on contracts booked during the year for completion in 1982 began to be eroded by continuing inflation, high interest rates and the depressed construction industry.

**Financial, Marketing, Licensing Services and Special Products.** Sales increased 60 percent due to improved demand for portable oil-fired heaters. Segment operating profit (after eliminations) increased 246 percent for the same reason as well as from the increased international product financing activities conducted by AMCA Netherlands B.V.

Generally, during 1981, the Company was able to maintain normal profit margins despite inflationary cost increases.

Equity in pre-tax earnings of unconsolidated subsidiaries increased in 1981 to \$10.6 million compared to \$1.6 million in 1980, primarily because of the inclusion of a full year's earnings of Koehring Finance Corporation.

Selling, general and administrative expenses increased by \$59.7 million to \$209.2 million compared to \$149.5 million in 1980, predominantly due to the inclusion of a full year of Koehring expenses.

Depreciation and amortization increased to \$22.5 million in 1981 from \$17.3 million in 1980, primarily the result of a full year's depreciation for Koehring.

Net interest expense in 1981 totaled \$26.7 million compared to \$3.8 million in 1980 reflecting a full year's interest on the debt of

Koehring (assumed in the acquisition in late 1980), the loss of interest income on cash used to acquire Koehring, greater short- and long-term debt levels outstanding during 1981, and higher interest rates for variable rate borrowings incurred in the year.

In 1981 and 1980, AMCA's effective income tax rates were below statutory rates, primarily due to lower tax rates associated with certain foreign operations.

#### **Liquidity and Capital Resources**

During 1983, AMCA generated cash to meet operating needs from a preferred share issue, from additional long-term debt and from operations. As a result, the ratio of equity to long-term debt changed from 1.4-to-1 at the end of 1982 to 1.2-to-1 at the end of 1983. The ratio of current assets to current liabilities improved from 1.5-to-1 at the end of 1982 to 1.6-to-1 at the end of 1983 as increases in cash, net of short-term borrowings, substantially offset reductions in other working capital elements.

During the year the Company secured long-term fixed rate financing, in what it believed was a favorable interest rate environment, through a \$60 million retractable debenture issue, a 100 million Deutsche Mark Bond issue (\$37 million) and the above-mentioned Cdn. \$75 million redeemable retractable preferred share issue (\$60 million).

At the end of 1983, AMCA had available approximately \$328 million of unused credit facilities, compared to \$330 million at the end of 1982, plus approximately \$27 million cash (net of short-term borrowings and current installments on long-term debt) shown in the consolidated statement of financial position. The credit facilities include demand bank lines of \$148 million and unused revolving lines of \$180 million available upon demand to the Company with interest calculated at prevailing market rates. The Company believes these unused facilities are adequate for foreseeable future operating needs.



## Ten Year Statistical Summary

1983

1982

**Operating Results** (\$ Millions)

|                                                              |              |       |
|--------------------------------------------------------------|--------------|-------|
| Sales                                                        | <b>1,260</b> | 1,384 |
| Income (loss) from continuing operations before income taxes | <b>(47)</b>  | 53    |
| Income taxes (benefit)                                       | <b>(41)</b>  | -     |
| Income (loss) from continuing operations                     | <b>(6)</b>   | 53    |
| Discontinued operations                                      | <b>(33)</b>  | (5)   |
| Net income (loss)                                            | <b>(39)</b>  | 48    |
| Common dividends                                             | <b>33</b>    | 29    |
| Income retained (utilized)                                   | <b>(72)</b>  | 19    |

**Financial Condition and Ratios** (\$ Millions)

|                                          |              |       |
|------------------------------------------|--------------|-------|
| Working capital                          | <b>246</b>   | 254   |
| Working capital from operations          | <b>(9)</b>   | 71    |
| Total assets                             | <b>1,250</b> | 1,374 |
| Net fixed assets                         | <b>300</b>   | 326   |
| Depreciation                             | <b>26</b>    | 24    |
| Additions to fixed assets                | <b>22</b>    | 30    |
| Long-term debt                           | <b>380</b>   | 340   |
| Shareholders' equity                     | <b>443</b>   | 462   |
| Return on average shareholders' equity % | -            | 11.5  |
| Net income on sales %                    | -            | 3.5   |

**Per Share Data** (\$)

|                                          |               |        |
|------------------------------------------|---------------|--------|
| Sales                                    | <b>37.98</b>  | 48.55  |
| Income (loss) from continuing operations | <b>(0.18)</b> | 1.84   |
| Discontinued operations                  | <b>(1.01)</b> | (0.16) |
| Net income (loss)                        | <b>(1.19)</b> | 1.68   |
| Dividends                                | <b>1.00</b>   | 1.00   |
| Income retained (utilized)               | <b>(2.16)</b> | 0.67   |
| Working capital from operations          | <b>(0.27)</b> | 2.49   |
| Equity at year end                       | <b>13.32</b>  | 14.06  |

**Shareholders and Employees**

|                                                 |               |        |
|-------------------------------------------------|---------------|--------|
| Number of common shareholders                   | <b>5,809</b>  | 6,766  |
| Number of employees                             | <b>15,408</b> | 16,748 |
| Number of common shares outstanding (thousands) | <b>33,226</b> | 32,887 |

Data for all years has been restated to reflect the separate classification of the results of operations of the discontinued businesses (See Note 2 to the Consolidated Financial Statements) and to reflect the two-for-one stock subdivisions in November 1974, October 1976 and December 1979.

Per share data, except equity at year end, has been calculated based upon the weighted average shares outstanding during each year.

The Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in Canada. If accounting principles generally accepted in the United States were applied, the only change in the above numbers would be that \$60 million of Redeemable Preferred Shares issued in 1983 would not be classified in the shareholders' equity caption but would be shown separately. See Note 16 to the Consolidated Financial Statements.

The above data reflect the acquisition of Giddings & Lewis, Inc., effective August 1, 1982; the Koehring Company, effective September 1, 1980, and of Amtel, Inc., effective December, 1977.

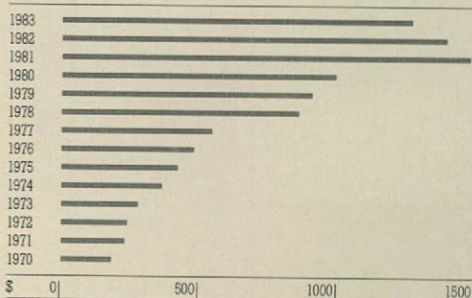
\* For purposes of this summary includes 4,474 at Giddings & Lewis.



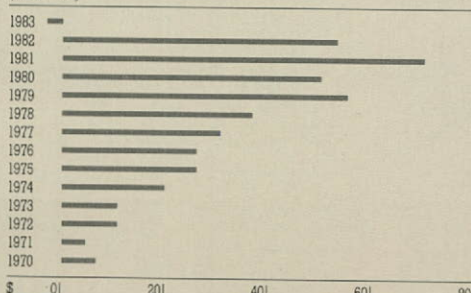
| 1981         | 1980   | 1979   | 1978   | 1977   | 1976             | 1975   | 1974   |
|--------------|--------|--------|--------|--------|------------------|--------|--------|
| U.S. Dollars |        |        |        |        | Canadian Dollars |        |        |
| 1,472        | 1,003  | 904    | 862    | 556    | 486              | 435    | 370    |
| 119          | 75     | 80     | 70     | 47     | 44               | 39     | 36     |
| 49           | 25     | 25     | 33     | 16     | 18               | 13     | 16     |
| 70           | 50     | 55     | 37     | 31     | 26               | 26     | 20     |
| -            | (1)    | (2)    | (1)    | 2      | 3                | 2      | -      |
| 70           | 49     | 53     | 36     | 33     | 29               | 28     | 20     |
| 27           | 23     | 17     | 11     | 9      | 10               | 9      | 6      |
| 43           | 26     | 36     | 25     | 24     | 19               | 19     | 14     |
| 346          | 235    | 263    | 171    | 107    | 104              | 88     | 73     |
| 87           | 59     | 51     | 52     | 45     | 40               | 37     | 32     |
| 1,212        | 970    | 729    | 602    | 551    | 361              | 327    | 280    |
| 198          | 181    | 106    | 124    | 128    | 108              | 102    | 70     |
| 20           | 14     | 13     | 14     | 10     | 9                | 7      | 6      |
| 51           | 28     | 13     | 18     | 9      | 16               | 40     | 25     |
| 297          | 163    | 115    | 139    | 104    | 31               | 32     | 20     |
| 368          | 334    | 309    | 198    | 181    | 161              | 142    | 123    |
| 20.0         | 15.2   | 20.9   | 19.0   | 19.3   | 19.0             | 18.2   | 17.1   |
| 4.8          | 4.9    | 5.9    | 4.2    | 5.9    | 5.6              | 5.3    | 5.4    |
| 54.79        | 37.42  | 38.77  | 40.41  | 26.14  | 22.87            | 20.66  | 17.48  |
| 2.62         | 1.86   | 2.36   | 1.73   | 1.46   | 1.22             | 1.24   | 0.94   |
| (0.01)       | (0.04) | (0.07) | (0.04) | 0.09   | 0.14             | 0.10   | -      |
| 2.61         | 1.82   | 2.29   | 1.69   | 1.55   | 1.36             | 1.34   | 0.94   |
| 1.00         | 0.85   | 0.71   | 0.51   | 0.44   | 0.49             | 0.43   | 0.27   |
| 1.60         | 0.97   | 1.58   | 1.18   | 1.11   | 0.87             | 0.92   | 0.67   |
| 3.24         | 2.20   | 2.19   | 2.43   | 2.12   | 1.88             | 1.76   | 1.49   |
| 13.70        | 12.43  | 11.61  | 9.28   | 8.51   | 7.58             | 6.74   | 5.82   |
| 5,733        | 5,810  | 4,397  | 3,859  | 3,835  | 3,688            | 3,504  | 3,402  |
| 21,779*      | 16,235 | 13,336 | 13,595 | 8,995  | 10,313           | 11,166 | 9,087  |
| 26,891       | 26,853 | 26,630 | 21,329 | 21,268 | 21,250           | 21,216 | 21,192 |

### Record of Annual Growth

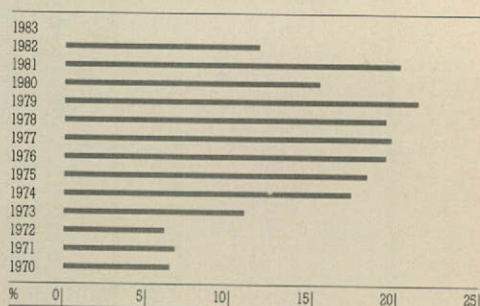
#### Sales (In Millions)



#### Income from Continuing Operations (In Millions)



#### Return on Average Shareholders' Equity (%)





| <b>Consolidated Statements of Operations</b>                                      |                                                                                                                                  | 1983               | (Restated - Note 2) |             |
|-----------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|--------------------|---------------------|-------------|
| Years ended December 31, 1983,<br>1982 and 1981<br>(In thousands of U.S. dollars) |                                                                                                                                  | 1982               | 1981                |             |
|                                                                                   | <b>Revenues</b>                                                                                                                  |                    |                     |             |
|                                                                                   | Sales                                                                                                                            | <b>\$1,260,457</b> | \$1,383,718         | \$1,472,462 |
|                                                                                   | Equity in pre-tax earnings of unconsolidated subsidiaries and affiliates (Note 5)                                                | <b>1,831</b>       | 8,133               | 10,606      |
|                                                                                   |                                                                                                                                  | <b>1,262,288</b>   | 1,391,851           | 1,483,068   |
|                                                                                   | <b>Costs and Expenses</b>                                                                                                        |                    |                     |             |
|                                                                                   | Cost of sales                                                                                                                    | <b>993,017</b>     | 1,026,953           | 1,107,545   |
|                                                                                   | Selling, general and administrative expenses                                                                                     | <b>238,792</b>     | 238,072             | 209,190     |
|                                                                                   | Depreciation and amortization                                                                                                    | <b>37,542</b>      | 31,331              | 22,541      |
|                                                                                   | Interest - net (Note 9)                                                                                                          | <b>39,575</b>      | 44,061              | 26,650      |
|                                                                                   | Foreign currency transaction (gain) loss                                                                                         | <b>376</b>         | (1,150)             | (1,986)     |
|                                                                                   |                                                                                                                                  | <b>1,309,302</b>   | 1,339,267           | 1,363,940   |
|                                                                                   | <b>Income (Loss) from Continuing Operations before Income Taxes</b>                                                              | <b>(47,014)</b>    | 52,584              | 119,128     |
|                                                                                   | <b>Provision (Benefit) for Income Taxes</b> (Note 4)                                                                             | <b>(41,431)</b>    | 14                  | 48,558      |
|                                                                                   | <b>Income (Loss) from Continuing Operations</b>                                                                                  | <b>(5,583)</b>     | 52,570              | 70,570      |
|                                                                                   | <b>Discontinued Operations</b> (Note 2)                                                                                          |                    |                     |             |
|                                                                                   | Loss from operations of discontinued businesses (less income tax benefit of \$10,300 in 1983, \$4,364 in 1982 and \$314 in 1981) | <b>(11,111)</b>    | (4,728)             | (340)       |
|                                                                                   | Loss on disposal of discontinued businesses (less income tax benefit of \$20,400)                                                | <b>(22,600)</b>    | -                   | -           |
|                                                                                   |                                                                                                                                  | <b>(33,711)</b>    | (4,728)             | (340)       |
|                                                                                   | <b>Net Income (Loss)</b>                                                                                                         | <b>\$ (39,294)</b> | \$ 47,842           | \$ 70,230   |
|                                                                                   | <b>Earnings (Loss) Per Share</b> (Note 1)                                                                                        |                    |                     |             |
|                                                                                   | Continuing operations                                                                                                            | <b>\$ (.18)</b>    | \$1.84              | \$2.62      |
|                                                                                   | Discontinued operations                                                                                                          | <b>(1.01)</b>      | (.16)               | (.01)       |
|                                                                                   | <b>Net Income (Loss)</b>                                                                                                         | <b>\$ (1.19)</b>   | \$1.68              | \$2.61      |

| <b>Consolidated Statements of Retained Earnings</b>                               |                                                                                                                             | 1983             | 1982      | 1981      |
|-----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|------------------|-----------|-----------|
| Years ended December 31, 1983,<br>1982 and 1981<br>(In thousands of U.S. dollars) |                                                                                                                             |                  |           |           |
|                                                                                   | <b>Balance at Beginning of Year</b>                                                                                         | <b>\$316,916</b> | \$298,786 | \$255,426 |
|                                                                                   | Net income (loss)                                                                                                           | <b>(39,294)</b>  | 47,842    | 70,230    |
|                                                                                   |                                                                                                                             | <b>277,622</b>   | 346,628   | 325,656   |
|                                                                                   | Dividends (per share - \$1.00)                                                                                              | <b>33,184</b>    | 28,506    | 26,870    |
|                                                                                   | Expenses related to issue of preferred and common shares net of income taxes of \$859 in 1983 and \$1,034 in 1982 (Note 10) | <b>1,070</b>     | 1,206     | -         |
|                                                                                   | <b>Balance at End of Year</b>                                                                                               | <b>\$243,368</b> | \$316,916 | \$298,786 |



**Consolidated Statements of Changes in Financial Position**

Years ended December 31, 1983,  
1982 and 1981  
(In thousands of U.S. dollars)

**Sources of Working Capital**

Continuing operations

Income (loss)

Add (deduct) items not affecting working capital

Depreciation

Amortization

Increase (decrease) in deferred income taxes  
(noncurrent)

Gain on sale of assets

Equity in net (income) loss of unconsolidated  
subsidiaries and affiliates

Other

Working capital provided from (used by)  
continuing operationsWorking capital provided from (used by)  
discontinued operations

Proceeds from long-term debt

Proceeds from sale of assets, net of working  
capital of \$2,452 in 1983 and \$177 in 1981

Issue of share capital, net of expenses

Increase (decrease) in deferred income taxes

Other

Total working capital provided

**Uses of Working Capital**

Acquisition of net noncurrent assets of

Giddings &amp; Lewis:

Fixed assets

Patents and intangibles

Goodwill

Assumption of long-term debt

Deferred income taxes

Other, net

Investments in and advances to unconsolidated  
subsidiaries and affiliates

Purchase of fixed assets

Reductions of long-term debt

Dividends

Increase in other assets

Adjustment from translation of foreign currency

Total working capital used

Increase (decrease) in working capital

**Increase (Decrease) in Working Capital**

Cash and short-term deposits

Accounts and notes receivable

Inventories

Other current assets

Short-term borrowings

Accounts payable and accrued liabilities

Customer advances

Income taxes payable

Current installments on long-term debt

(Restated - Note 2)  
1983 1982 1981

|                   |                     |                   |
|-------------------|---------------------|-------------------|
| <b>\$ (5,583)</b> | \$ 52,570           | \$ 70,570         |
| <b>26,437</b>     | 24,066              | 20,192            |
| <b>11,105</b>     | 7,265               | 2,349             |
| <b>(43,099)</b>   | (9,608)             | 1,154             |
| <b>(320)</b>      | (1,304)             | (2,859)           |
| <b>819</b>        | (2,973)             | (5,427)           |
| <b>1,954</b>      | 1,323               | 1,320             |
| <b>(8,687)</b>    | 71,339              | 87,299            |
| <b>(54,863)</b>   | (2,298)             | 1,180             |
| <b>122,115</b>    | 247,000             | 156,309           |
| <b>4,606</b>      | 9,919               | 10,182            |
| <b>61,721</b>     | 83,805              | 327               |
| <b>7,863</b>      | 17,809              | (10,949)          |
| <b>8,892</b>      | 3,766               | 547               |
| <b>141,647</b>    | 431,340             | 244,895           |
| -                 | 129,511             | -                 |
| -                 | 56,500              | -                 |
| -                 | 80,111              | -                 |
| -                 | (13,999)            | -                 |
| -                 | (38,267)            | -                 |
| -                 | 3,938               | -                 |
| -                 | 217,794             | -                 |
| <b>1,625</b>      | 13,572              | 9,502             |
| <b>22,358</b>     | 29,858              | 50,517            |
| <b>82,685</b>     | 216,936             | 23,985            |
| <b>33,184</b>     | 28,506              | 26,870            |
| <b>7,072</b>      | 11,015              | 16,814            |
| <b>2,934</b>      | 5,417               | 6,720             |
| <b>149,858</b>    | 523,098             | 134,408           |
| <b>\$ (8,211)</b> | <b>\$ (91,758)</b>  | <b>\$ 110,487</b> |
| <b>\$ 67,648</b>  | <b>\$ (126,823)</b> | <b>\$ 80,261</b>  |
| <b>(88,185)</b>   | (39,517)            | 56,198            |
| <b>(73,605)</b>   | 48,020              | 60,669            |
| <b>427</b>        | 6,484               | (1,880)           |
| <b>103,119</b>    | (53,735)            | (42,783)          |
| <b>(9,249)</b>    | 18,840              | (31,316)          |
| <b>11,414</b>     | (629)               | (19,491)          |
| <b>8,223</b>      | 50,707              | 9,845             |
| <b>(28,003)</b>   | 4,895               | (1,016)           |
| <b>\$ (8,211)</b> | <b>\$ (91,758)</b>  | <b>\$ 110,487</b> |

See accompanying notes.



**Consolidated Statements of Financial Position**December 31, 1983 and 1982  
(In thousands of U.S. dollars)**Assets**

## Current assets

Cash and short-term deposits

\$ 117,426 \$ 49,778

Accounts and notes receivable less

allowance for doubtful accounts -

\$14,504 (1982 - \$10,955) (Note 1)

149,476 237,661

Inventories (Note 6)

367,203 440,808

Other current assets

16,063 15,636

Total current assets

650,168 743,883

Investments in and advances to unconsolidated  
subsidiaries and affiliates (Note 5)

71,997 72,857

Fixed assets (Note 7)

299,857 325,653

Patents and intangibles (Note 3)

57,920 57,970

Goodwill (Note 3)

124,329 134,241

Other assets, including deferred income  
taxes of \$2,197 in 1983

45,826 39,132

\$1,250,097 \$1,373,736**Liabilities and Shareholders' Equity**

## Current liabilities

Short-term borrowings (Note 8)

\$ 51,428 \$ 154,547

Accounts payable and accrued liabilities

240,665 231,416

Customer advances

67,079 78,493

Income taxes

Current

2,526 -

Deferred

3,260 14,009

Current installments on long-term debt

39,220 11,217

Total current liabilities

404,178 489,682

Long-term debt (Note 8)

380,035 340,144

Other deferred liabilities

Deferred income taxes

- 67,979

Other

23,228 13,677

807,441 911,482

Shareholders' equity (Note 10)

Preferred shares

Issued - 3,000,000 shares

60,270 -

Common shares

Issued - 33,226,327 shares (1982 - 32,887,277)

181,734 178,354

Retained earnings

243,368 316,916

485,372 495,270Equity adjustment from foreign currency  
translation (Note 1)

(42,716) (33,016)

Total shareholders' equity

442,656 462,254

\$1,250,097 \$1,373,736On behalf of the Board  
K.S. Barclay, Director  
Dalton D. Ruffin, Director

See accompanying notes.



## Notes to Consolidated Financial Statements

December 31, 1983, 1982 and 1981  
(In thousands of U.S. dollars)

### 1. Summary of Significant Accounting Policies

**General.** The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada. These accounting principles are in conformity with accounting principles generally accepted in the United States except as indicated in Note 16.

**Consolidation.** All subsidiary companies except the wholly-owned finance subsidiaries, Koehring Finance Corporation ("KFC") and AMCA International Finance, Limited ("AIFL"), are consolidated and all significant intercompany accounts and transactions between consolidated companies have been eliminated. The investments in KFC, AIFL, other joint ventures and affiliated companies owned 20% to 50% are recorded at equity in the underlying net assets and the applicable years' earnings or losses are included in consolidated income.

**Construction Contracts.** For financial statement purposes, income on substantially all construction contracts is recognized on the percentage-of-completion basis; provision is made for the entire amount of expected losses, if any, in the period in which such losses are first determinable. Included in accounts receivable are unbilled receivables related to these contracts of \$23,389 (1982 - \$35,422).

**Inventories.** Work-in-process related to construction contracts is stated at accumulated production costs less amounts charged to income based on the percentage-of-completion of individual contracts. Other inventories are stated at the lower of cost (average or first-in, first-out) or net realizable value.

**Fixed Assets.** Property, plant and equipment are carried at cost including interest incurred during the construction period. Major renewals and betterments are capitalized; maintenance and repairs are expensed as incurred. Cost of property sold or otherwise disposed of and related accumulated depreciation are removed from the accounts at the time of disposal and any resulting gain or loss is included in income.

Depreciation of plant and equipment is determined principally on a straight-line or unit-of-production basis over the estimated useful lives of the assets.

**Goodwill.** Goodwill is amortized using the straight-line method over a period not exceeding 40 years. Accumulated amortization was \$11,571 and \$8,196 at December 31, 1983 and 1982, respectively.

**Patents and Intangibles.** Patents and other intangible assets are carried at cost and amortized over their remaining economic lives which range from six to forty years. Accumulated amortization was \$12,033 and \$5,278 at December 31, 1983 and 1982, respectively.

**Income Taxes.** Income taxes have not been provided on undistributed earnings of foreign subsidiaries since management expects such earnings to be permanently reinvested in those subsidiaries. At December 31, 1983 and 1982, approximately \$100,000 and \$175,000, respectively, of such earnings, if distributed as dividends, would be subject to income taxes aggregating approximately \$23,000 and \$25,000, respectively. Any additional undistributed earnings would not be subject to income taxes if distributed as dividends.

Investment tax credits (1983 - \$824; 1982 - \$2,600; 1981 - \$2,600) are applied to reduce the provision for income taxes in the year in which the related assets are placed in service.

**Foreign Currency Translation.** Effective January 1, 1983, the Company has adopted prospectively the new Canadian accounting policy with respect to foreign currency translation. Under this policy, which is similar to the translation policy previously in effect, all assets and liabilities are translated into U.S. dollars using current exchange rates and income statement items are translated using weighted average exchange rates for the year. The translation adjustment is included as a component of shareholders' equity whereas gains and losses on foreign currency transactions are included in income except for those related to long-term monetary assets or liabilities which are deferred and amortized to income over the remaining life of the monetary item. This change in accounting policy had no material effect on the equity adjustment from foreign currency translation at January 1, 1983 or on net income for the year ended December 31, 1983.



## Notes to Consolidated Financial Statements

December 31, 1983, 1982 and 1981  
(In thousands of U.S. dollars)  
(Continued)

**1. Summary of Significant Accounting Policies** (Continued)

The following table shows the changes in the equity adjustment from foreign currency translation for the years ended December 31, 1983, 1982 and 1981:

|                                                | 1983            | 1982     | 1981     |
|------------------------------------------------|-----------------|----------|----------|
| Balance at beginning of year                   | <b>\$33,016</b> | \$23,699 | \$14,654 |
| Net effect of currency translation adjustments | <b>9,700</b>    | 9,317    | 9,045    |
| Balance at end of year                         | <b>\$42,716</b> | \$33,016 | \$23,699 |

**Earnings Per Share.** Earnings per share are calculated based upon the weighted average shares outstanding during the year (1983 - 33,183,857 shares; 1982 - 28,506,136 shares; 1981 - 26,868,547 shares). Earnings per share for prior years, which had been calculated based upon the weighted average shares outstanding during each quarter, have been restated based upon the weighted average shares outstanding during the year. This restatement did not affect net income but did reduce earnings per share in 1982 from \$1.73 to \$1.68 and had no impact in 1981.

**2. Discontinued Operations**

In late 1983, the Company provided for losses related to the discontinuance of certain businesses. These businesses include oil field equipment and certain overhead traveling crane operations previously included in the Industrial Products segment and certain construction crane operations previously included in the Construction Products segment. As a result of this discontinuance, a non-recurring charge of \$22,600 net of income taxes of \$20,400 was recorded.

The results of operations for these businesses have been separately classified as discontinued operations in the accompanying consolidated statements of operations for each of the years in the three-year period ended December 31, 1983. The liabilities of these discontinued businesses and the provision for loss on disposal exceed the assets by \$17,599, which amount is included in accounts payable and accrued liabilities in the consolidated statement of financial position at December 31, 1983.

Revenues of the discontinued businesses for the years ended December 31, 1983, 1982 and 1981 were \$39,591, \$73,942 and \$89,916, respectively.

**3. Acquisition**

Effective August 1, 1982, the common stock of Giddings & Lewis, Inc., a major United States manufacturer of machine tools and industrial products, was acquired for approximately \$310,000 cash.

This acquisition has been accounted for as a purchase and results of operations from the date of acquisition have been included in the consolidated statements of operations. The assets and liabilities acquired have been stated at fair values and the excess of the purchase price over these fair values was recorded as goodwill which originally amounted to \$80,111. In 1983, based upon the final determination of fair values, goodwill was reduced and patents and intangibles were increased by \$6,672.

If the above acquisition had been made at January 1, 1981, the unaudited pro forma consolidated net sales and income from continuing operations of the Company would have been \$1,580,147 and \$55,623 in 1982 and \$1,848,335 and \$82,675 in 1981, respectively. The unaudited pro forma earnings per share from continuing operations would have been \$1.95 in 1982 and \$3.08 in 1981.



## Notes to Consolidated Financial Statements

December 31, 1983, 1982 and 1981  
(In thousands of U.S. dollars)  
(Continued)

## 4. Income Taxes

The provision (benefit) for income taxes on income from continuing operations is comprised of the following:

|                 | 1983                     | 1982                | 1981                    |
|-----------------|--------------------------|---------------------|-------------------------|
| Current         |                          |                     |                         |
| Canada          | \$ (372)                 | \$ 1,011            | \$ 2,340                |
| United States   | 500                      | 11,322              | 23,115                  |
| Other countries | 12,289                   | 8,629               | 22,025                  |
|                 | <u>12,417</u>            | <u>20,962</u>       | <u>47,480</u>           |
| Deferred        |                          |                     |                         |
| Canada          | (13,787)                 | (11,886)            | 1,900                   |
| United States   | (36,670)                 | (17,066)            | 7,748                   |
| Other countries | (3,391)                  | 8,004               | (8,570)                 |
|                 | <u>(53,848)</u>          | <u>(20,948)</u>     | <u>1,078</u>            |
|                 | <u><b>\$(41,431)</b></u> | <u><b>\$ 14</b></u> | <u><b>\$ 48,558</b></u> |

The related income (loss) from continuing operations is as follows:

|                 | 1983                     | 1982                    | 1981                    |
|-----------------|--------------------------|-------------------------|-------------------------|
| Canada          | <b>\$(29,045)</b>        | \$(28,534)              | \$ 12,362               |
| United States   | <b>(75,882)</b>          | (2,645)                 | 53,175                  |
| Other countries | <b>57,913</b>            | 83,763                  | 53,591                  |
|                 | <u><b>\$(47,014)</b></u> | <u><b>\$ 52,584</b></u> | <u><b>\$119,128</b></u> |

The provision (benefit) for deferred income taxes represents the tax effect of transactions reported in different periods for financial and income tax reporting purposes, and resulted from the following timing differences:

|                                                                                          | 1983                     | 1982                     | 1981                   |
|------------------------------------------------------------------------------------------|--------------------------|--------------------------|------------------------|
| Depreciation                                                                             | \$ -                     | \$ (3,514)               | \$ 944                 |
| Estimated costs                                                                          | -                        | (3,256)                  | (2,332)                |
| Construction contracts                                                                   | <b>(1,106)</b>           | (4,767)                  | 762                    |
| Installment sales                                                                        | -                        | (5,412)                  | 2,854                  |
| Other                                                                                    | <b>(2,004)</b>           | (3,999)                  | (1,150)                |
| Reduction of deferred income taxes<br>to reflect benefit for U.S. and<br>Canadian losses | <b>(50,738)</b>          | -                        | -                      |
|                                                                                          | <u><b>\$(53,848)</b></u> | <u><b>\$(20,948)</b></u> | <u><b>\$ 1,078</b></u> |

The difference between the Company's effective income tax rate and the Canadian and United States statutory rate on income (loss) from continuing operations is reconciled below:

|                                           | 1983                  | 1982              | 1981                |
|-------------------------------------------|-----------------------|-------------------|---------------------|
| Canadian and U.S. statutory rate          | <b>(46.0)%</b>        | 46.0%             | 46.0%               |
| State and provincial income taxes         | <b>(.6)</b>           | 2.2               | 2.4                 |
| Investment tax credit                     | <b>(1.8)</b>          | (5.0)             | (2.2)               |
| Foreign taxes at less than statutory rate | <b>(39.9)</b>         | (39.6)            | (9.4)               |
| Other                                     | <b>.2</b>             | (3.6)             | 4.0                 |
|                                           | <u><b>(88.1)%</b></u> | <u><b>- %</b></u> | <u><b>40.8%</b></u> |

At December 31, 1983, for income tax purposes, the Company has U.S. net operating loss carry-forwards of approximately \$165,000 which expire in 1998 and Canadian net operating loss carry-forwards of approximately \$35,000 which expire principally in 1987 and 1990. For book purposes, the benefits for U.S. and Canadian losses have been reflected in the consolidated statement of financial position as reductions of deferred income taxes.



## Notes to Consolidated Financial Statements

December 31, 1983, 1982 and 1981  
(In thousands of U.S. dollars)  
(Continued)

**5. Investments In and Advances To Unconsolidated Subsidiaries and Affiliates**

Investments totalled \$55,672 and \$54,536 and advances totalled \$16,325 and \$18,321 at December 31, 1983 and 1982, respectively.

Included in the caption "Investments in and advances to unconsolidated subsidiaries and affiliates" in the consolidated statements of financial position are investments in two wholly-owned finance subsidiaries, KFC and AIFL.

AIFL, which was formed in September 1982 with an investment of approximately \$8,000, finances the sale of Company products in Canada. The investment in AIFL and the initial purchase of Company receivables reduced working capital and long-term debt by \$53,000 and \$45,000, respectively.

Condensed, combined statements of financial position and income of KFC and AIFL are as follows:

**Finance Subsidiaries****Statements of Financial Position**

|                                                                                                                          | December 31,     |                  |
|--------------------------------------------------------------------------------------------------------------------------|------------------|------------------|
|                                                                                                                          | 1983             | 1982             |
| Assets                                                                                                                   |                  |                  |
| Cash                                                                                                                     | \$ 2,523         | \$ 1,819         |
| Receivables                                                                                                              | 261,666          | 213,151          |
| Other assets                                                                                                             | 6,065            | 10,300           |
| Total assets                                                                                                             | <u>\$270,254</u> | <u>\$225,270</u> |
| Liabilities and shareholder's equity                                                                                     |                  |                  |
| Short-term debt                                                                                                          | \$158,036        | \$102,699        |
| Accounts payable and accrued liabilities                                                                                 | 1,689            | 6,293            |
| Long-term debt                                                                                                           | 50,484           | 57,121           |
|                                                                                                                          | <u>210,209</u>   | <u>166,113</u>   |
| Shareholder's equity (including subordinated notes of \$11,277 and \$13,199 at December 31, 1983 and 1982, respectively) | 60,045           | 59,157           |
| Total liabilities and shareholder's equity                                                                               | <u>\$270,254</u> | <u>\$225,270</u> |

**Statements of Operations**

|                             | 1983            | 1982            | 1981            |
|-----------------------------|-----------------|-----------------|-----------------|
| Interest and finance income |                 |                 |                 |
| Affiliated companies        | \$10,055        | \$15,774        | \$17,598        |
| Other                       | 14,019          | 17,543          | 19,853          |
|                             | <u>24,074</u>   | <u>33,317</u>   | <u>37,451</u>   |
| Expenses                    |                 |                 |                 |
| Interest                    | 15,818          | 20,801          | 22,557          |
| Other                       | 2,732           | 2,501           | 1,670           |
|                             | <u>18,550</u>   | <u>23,302</u>   | <u>24,227</u>   |
| Income before income taxes  | 5,524           | 10,015          | 13,224          |
| Income taxes                | 2,652           | 4,818           | 6,435           |
| Net income                  | <u>\$ 2,872</u> | <u>\$ 5,197</u> | <u>\$ 6,789</u> |

KFC and AIFL are engaged in financing the sale of Company products to distributors and end users. With respect to KFC, the Company has agreed to repurchase any contracts that become in default and to pay finance charges to KFC at such rates as will result in KFC's annual net earnings before interest expense and income taxes being equal to 150% of interest expense of KFC for such fiscal year. With respect to AIFL, the Company has agreed to repurchase any receivables or contracts that become in default and to pay finance charges to AIFL at a mutually agreeable rate.



**Notes to Consolidated Financial Statements**

December 31, 1983, 1982 and 1981  
(In thousands of U.S. dollars)  
(Continued)

**5. Investments In and Advances To Unconsolidated Subsidiaries and Affiliates**  
(Continued)

Also included in this caption are an investment in and advances to a 51%-owned subsidiary, Dominion Bridge-Sulzer Inc. ("DB-Sulzer"). An agreement with the 49% shareholders provides for joint control and accordingly the Company's investment is accounted for under the equity method of accounting. Condensed statements of financial position and operations of DB-Sulzer are as follows:

**Dominion Bridge-Sulzer Inc.**  
**Statements of Financial Position**

|                                                                                                                          | December 31,    |                 |
|--------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------|
|                                                                                                                          | 1983            | 1982            |
| Assets                                                                                                                   |                 |                 |
| Current                                                                                                                  | <b>\$11,269</b> | \$20,690        |
| Other                                                                                                                    | <b>16,717</b>   | 18,519          |
| Total assets                                                                                                             | <b>\$27,986</b> | <b>\$39,209</b> |
| Liabilities and shareholders' equity                                                                                     |                 |                 |
| Current                                                                                                                  | <b>\$ 8,674</b> | \$18,258        |
| Long-term debt                                                                                                           | <b>4,823</b>    | -               |
|                                                                                                                          | <b>13,497</b>   | 18,258          |
| Shareholders' equity (including subordinated notes of \$16,076 and \$16,196 at December 31, 1983 and 1982, respectively) | <b>14,489</b>   | 20,951          |
| Total liabilities and shareholders' equity                                                                               | <b>\$27,986</b> | <b>\$39,209</b> |

**Statements of Operations**

|          | 1983            | 1982     | 1981      |
|----------|-----------------|----------|-----------|
| Revenues | <b>\$81,846</b> | \$64,969 | \$106,018 |
| Net loss | <b>\$ 6,367</b> | \$ 5,695 | \$ 8,348  |

**6. Inventories**

|                          | 1983             | 1982             |
|--------------------------|------------------|------------------|
| Contract work-in-process | <b>\$ 44,897</b> | \$ 61,932        |
| Steel and other supplies | <b>120,051</b>   | 170,752          |
| Work-in-process          | <b>78,747</b>    | 82,728           |
| Finished products        | <b>123,508</b>   | 125,396          |
|                          | <b>\$367,203</b> | <b>\$440,808</b> |



## Notes to Consolidated Financial Statements

December 31, 1983, 1982 and 1981  
(In thousands of U.S. dollars)  
(Continued)

## 7. Fixed Assets

|                               | Cost             | Accumulated depreciation and amortization | Net              |
|-------------------------------|------------------|-------------------------------------------|------------------|
| December 31, 1983             |                  |                                           |                  |
| Land                          | \$ 10,100        | \$ -                                      | \$ 10,100        |
| Plant                         | 127,561          | 34,908                                    | 92,653           |
| Machinery and equipment       | 277,132          | 95,534                                    | 181,598          |
| Property under capital leases | 12,130           | 3,621                                     | 8,509            |
| Construction in progress      | 6,997            | -                                         | 6,997            |
|                               | <u>\$433,920</u> | <u>\$134,063</u>                          | <u>\$299,857</u> |
| December 31, 1982             |                  |                                           |                  |
| Land                          | \$ 10,856        | \$ -                                      | \$ 10,856        |
| Plant                         | 129,199          | 30,300                                    | 98,899           |
| Machinery and equipment       | 283,357          | 84,938                                    | 198,419          |
| Property under capital leases | 12,975           | 3,256                                     | 9,719            |
| Construction in progress      | 7,760            | -                                         | 7,760            |
|                               | <u>\$444,147</u> | <u>\$118,494</u>                          | <u>\$325,653</u> |

## 8. Debt

## Short-Term

Short-term borrowings are transacted either through commercial banks using overdrafts or promissory notes or through the issuance of commercial paper. Information on the Company's short-term borrowings for the three years ended December 31, 1983, 1982 and 1981 is as follows:

| Category of aggregate short-term borrowings | Balance, end of year | Weighted average interest rate at end of year | Maximum amount outstanding during the year | Average amount outstanding during the year | Weighted average interest rate during the year |
|---------------------------------------------|----------------------|-----------------------------------------------|--------------------------------------------|--------------------------------------------|------------------------------------------------|
| 1983                                        |                      |                                               |                                            |                                            |                                                |
| Notes payable to banks                      | <u>\$21,292</u>      | <u>10.8%</u>                                  | <u>\$95,188</u>                            | <u>\$74,881</u>                            | <u>10.8%</u>                                   |
| Commercial paper                            | <u>\$30,136</u>      | <u>9.6%</u>                                   | <u>\$78,561</u>                            | <u>\$70,977</u>                            | <u>9.7%</u>                                    |
| 1982                                        |                      |                                               |                                            |                                            |                                                |
| Notes payable to banks                      | <u>\$82,641</u>      | <u>10.5%</u>                                  | <u>\$ 82,641</u>                           | <u>\$54,729</u>                            | <u>14.5%</u>                                   |
| Commercial paper                            | <u>\$71,906</u>      | <u>10.2%</u>                                  | <u>\$ 71,906</u>                           | <u>\$64,044</u>                            | <u>14.6%</u>                                   |
| 1981                                        |                      |                                               |                                            |                                            |                                                |
| Notes payable to banks                      | <u>\$78,782</u>      | <u>15.7%</u>                                  | <u>\$102,425</u>                           | <u>\$78,223</u>                            | <u>17.7%</u>                                   |
| Commercial paper                            | <u>\$22,030</u>      | <u>15.8%</u>                                  | <u>\$ 37,828</u>                           | <u>\$16,180</u>                            | <u>17.7%</u>                                   |

At December 31, 1983, the Company had available approximately \$148,000 of unused short-term borrowing facilities on the majority of which it paid commitment fees of 3/8% of the unused amount.

## Long-Term

|                                                       | 1983             | 1982             |
|-------------------------------------------------------|------------------|------------------|
| Revolving credit bank notes                           | \$ 45,000        | \$ 38,000        |
| Debentures due 1984 - 10.25%                          | 30,000           | 30,000           |
| Debentures due 1986 - 9%                              | 25,000           | 25,000           |
| Debentures due 1998 - 11.5%                           | 60,000           | -                |
| Deutsche Mark Bonds due 1991 (DM 100 million) - 8.25% | 36,760           | -                |
|                                                       | <u>\$196,760</u> | <u>\$ 93,000</u> |



## Notes to Consolidated Financial Statements

December 31, 1983, 1982 and 1981  
(In thousands of U.S. dollars)  
(Continued)

## 8. Debt (Continued)

## Debt of Subsidiary Companies

|                                                                                                  | 1983             | 1982             |
|--------------------------------------------------------------------------------------------------|------------------|------------------|
| Revolving credit bank notes                                                                      | \$165,000        | \$175,000        |
| Note payable to insurance company due in installments through 1992 - 9.5%                        | 26,300           | 29,200           |
| Note payable to insurance company due in installments through 1989 - 6.95%                       | -                | 17,095           |
| Other notes payable due in installments through 2004 at interest rates varying from 5.36% to 14% | 22,053           | 26,966           |
| Obligations under capital leases (Note 13)                                                       | 9,142            | 10,100           |
|                                                                                                  | <b>222,495</b>   | <b>258,361</b>   |
|                                                                                                  | <b>419,255</b>   | <b>351,361</b>   |
| Less installments due in one year                                                                | <b>39,220</b>    | <b>11,217</b>    |
|                                                                                                  | <b>\$380,035</b> | <b>\$340,144</b> |

On May 26, 1983, the Company issued \$60,000 of retractable debentures due on June 1, 1998 bearing an interest rate of 11 1/2% through June 1, 1988. The Company has the right to adjust the interest rate to apply during the five year periods beginning on June 1, 1988 and June 1, 1993. Interest is payable annually on June 1 of each year. The debentures may be redeemed in whole or in part at the option of the Company and any debenture holder may require the Company to redeem his debentures, in each case at 100% of their principal amount, on June 1, 1988 and 1993. Proceeds from these debentures were used for the repayment of revolving credit bank notes.

On December 15, 1983, the Company issued \$36,760 of Deutsche Mark Bonds due December 16, 1991 (DM 100 million) bearing an interest rate of 8.25%. Interest is payable annually with the first payment due on December 16, 1984. Proceeds of the issue will be used to retire the current portion of long-term debt.

The Company has revolving credit agreements with two banks which provide that the Company may borrow up to \$140,000. The amounts outstanding under these agreements at December 31, 1983 and 1982 were \$45,000 and \$20,000, respectively. On August 1, 1984 or later with the consent of the banks, the banks' commitment will commence to be extinguished by 24 equal semiannual reductions, and the Company will be required to make repayments to the extent that the outstanding loans exceed the commitment limit. Interest is payable at rates not exceeding the U.S. prime rate. The weighted average interest rate was 10.2%, 15.1% and 16.4%, during 1983, 1982 and 1981, respectively. The Company pays a commitment fee of 1/8% on the unused amount of the facility.

In early 1983, the Company cancelled a revolving credit facility. The amount outstanding under this facility was \$18,000 at December 31, 1982. The weighted average interest rate was 9.8%, 14.2% and 17.4% during 1983, 1982 and 1981, respectively.

A subsidiary of the Company has revolving credit agreements with a group of banks which provide that the subsidiary may borrow up to \$250,000. The amounts outstanding under these agreements at December 31, 1983 and 1982 were \$165,000 and \$175,000, respectively. The outstanding loan balances will convert principally on October 31, 1985 into term loans repayable in 16 equal quarterly installments commencing on February 1, 1986. Interest is payable at rates not exceeding the U.S. prime rate. The weighted average interest rate was 10.3% and 11.4% during 1983 and 1982, respectively. The subsidiary pays a commitment fee of 3/8% on the unused amount of the facility.

The revolving credit agreements and the loan agreements relating to subsidiary companies contain certain covenants with respect to working capital, net worth, leases, indebtedness, the payment of dividends and other items. The Company has complied with all provisions of these agreements. At December 31, 1983, \$176,000 of retained earnings was free of restrictions on dividend payments.

Future principal payments on long-term debt are as follows (assuming that the revolving credit agreements are converted into term loans at the earliest possible dates indicated above):

|            |                  |
|------------|------------------|
| 1985       | \$ 8,270         |
| 1986       | 71,520           |
| 1987       | 46,490           |
| 1988       | 47,539           |
| 1989       | 42,793           |
| Thereafter | 163,423          |
|            | <b>\$380,035</b> |



## Notes to Consolidated Financial Statements

December 31, 1983, 1982 and 1981  
(In thousands of U.S. dollars)  
(Continued)

## 9. Interest Expense - Net

|                                      | 1983            | 1982            | 1981            |
|--------------------------------------|-----------------|-----------------|-----------------|
| Interest on long-term debt           | <b>\$38,939</b> | \$48,230        | \$28,087        |
| Interest on short-term debt          | <b>17,133</b>   | 20,339          | 20,952          |
| Interest income                      | <b>(16,497)</b> | (23,308)        | (20,789)        |
| Interest capitalized on fixed assets | -               | (1,200)         | (1,600)         |
|                                      | <b>\$39,575</b> | <b>\$44,061</b> | <b>\$26,650</b> |

## 10. Capital Stock

The Company is incorporated under the Canada Business Corporations Act and is authorized to issue an unlimited number of common and preferred shares of no par value.

On December 7, 1983, the Company issued 3,000,000 shares of 8.84% Cumulative Redeemable Retractable Preferred Shares Series 1 for a cash consideration of \$60,270 (Cdn. \$75 million). Each share entitles its holder to receive a fixed cumulative preferential cash dividend at an annual rate of Cdn. \$2.21 per share. A holder of such shares may require the Company to redeem his shares on December 1, 1989 at a price equal to Cdn. \$25.00 per share plus all accrued and unpaid dividends. On or after December 1, 1988, the Series 1 Preferred Shares will be redeemable at the option of the Company at a price which decreases in equal annual amounts from Cdn. \$26.00 to Cdn. \$25.00 between December 1, 1988 and December 1, 1993, and at Cdn. \$25.00 thereafter. The Company is obligated to make all reasonable efforts to purchase for cancellation in the open market the number of preferred shares determined below in each calendar quarter commencing January 1, 1985, at a price not exceeding Cdn. \$25.00 per share:

- (1) during the period from January 1, 1985 to December 31, 1989, 15,000 shares per calendar quarter; and
- (2) commencing January 1, 1990, 1% per calendar quarter of the shares outstanding at the close of business on December 31, 1989.

If the Company is unable to fulfill such obligation in any calendar quarter, the obligation will carry over only to the succeeding calendar quarters of the same calendar year and will thereupon be extinguished. Expenses of \$1,070 net of income taxes of \$859 have been charged directly to retained earnings. The proceeds were used to reduce short-term bank borrowings and for general corporate working capital purposes.

On October 4, 1982, 5,555,555 shares of capital stock were issued for a cash consideration of \$80,780 (Cdn. \$100 million). Proceeds from the issue were used to retire long-term debt. Expenses of \$1,206 net of income taxes of \$1,034 have been charged directly to retained earnings.

The Company has a stock option plan for key employees under which options for a term not exceeding ten years may be granted to key employees to purchase common shares of the Company at a price not less than 90% of their fair market value at the date of grant. Common shares reserved for exercise of these options may not at any time exceed 5% of the number of common shares then outstanding. Transactions involving the plan are summarized below:

|                               | Shares   |           | Option Price<br>Per Share<br>(Canadian Currency) |
|-------------------------------|----------|-----------|--------------------------------------------------|
|                               | Reserved | Granted   |                                                  |
| Outstanding December 31, 1982 | 30,650   | 834,450   | \$ 6.875 - \$20.375                              |
| Granted                       | -        | -         | -                                                |
| Exercised                     | -        | (339,050) | \$ 6.875 - \$17.50                               |
| Outstanding December 31, 1983 | 30,650   | 495,400   | \$12.00 - \$20.375                               |

The options outstanding at December 31, 1983, of which officers of the Company held 345,000, were exercisable through various dates up to August 1992 for proceeds totalling Cdn. \$7,366,000. Exercise of these options would not materially dilute earnings per share. In 1983, 339,050 shares were issued for cash and notes receivable aggregating Cdn. \$4,153,000. In 1982, 441,000 shares were issued for cash and notes receivable at an option price per share ranging between Cdn. \$6.875 and Cdn. \$16.65 and aggregating Cdn. \$5,181,000. In 1981, 37,800 shares were issued for cash at an option price per share ranging between Cdn. \$6.875 and Cdn. \$12.00 and aggregating Cdn. \$389,538.



**Notes to Consolidated Financial Statements**

December 31, 1983, 1982 and 1981  
(In thousands of U.S. dollars)  
(Continued)

**11. Pension Plans**

The Company and its subsidiaries have defined benefit pension plans covering substantially all employees. Pension expense (normal cost and amortization of unfunded past service costs over periods ranging from 15 to 30 years) was \$10,154, \$8,847, and \$7,109 in 1983, 1982 and 1981, respectively. It is the Company's policy to fund pension costs accrued. Benefits under certain German pension plans, in accordance with applicable laws, have not been funded and the costs not being funded (\$4,270 and \$4,594 at December 31, 1983 and 1982, respectively) are included in other deferred liabilities in the consolidated statements of financial position.

A comparison of accumulated plan benefits and plan net assets for the pension plans of the Company and its subsidiaries at January 1, 1983 and 1982 is as follows:

|                                                      | 1983             | 1982      |
|------------------------------------------------------|------------------|-----------|
| Actuarial present value of accumulated plan benefits |                  |           |
| Vested                                               | <b>\$167,970</b> | \$167,700 |
| Nonvested                                            | <b>11,930</b>    | 14,814    |
|                                                      | <b>\$179,900</b> | \$182,514 |
| Net assets available for benefits                    | <b>\$227,863</b> | \$211,574 |

The weighted average assumed rates of return used in determining the actuarial present value of accumulated plan benefits is 8% in both years.

**12. Business Segments**

The Company operates in the following industry segments:

**Construction Products**

Compaction equipment; cranes and derricks; excavators; material handling and pile-driving equipment.

**Engineering and Construction Services**

Bulk material handling systems; marine vessels and equipment; offshore petroleum production and distribution systems; turnkey petroleum refineries, petrochemical and industrial plants; pre-engineered building systems; vehicular tunnel tubes.

**Industrial Products**

Aerospace and automotive components; beverage, dairy and food processing and packaging machinery; foundry machinery and accessories; hydraulic components and systems; industrial fasteners; marine, industrial and shipyard cranes; metal forming machinery; water well and oil field drilling equipment; pressure tanks and cylinders. Machine Tools—Computer numerically controlled horizontal and vertical lathes and turning centers; horizontal and vertical machining centers; horizontal boring, drilling and milling machines; automatic assembly machines; flexible manufacturing systems; transfer machines; computer numerical controls; microprocessors; cutting tools and fixtures; drill point grinders; balancing equipment.

**Steel Products and Services**

Steel production, distribution, fabrication and erection; energy products, services and systems related to the generation and transmission of electric power from fossil fuel, nuclear, hydroelectric, tidal power and waste conversion resources.

**Financial, Marketing, Licensing Services and Special Products**

Financing to promote sales of AMCA products; purchasing of raw materials and components for AMCA units; marketing AMCA products; licensing of proprietary AMCA patents and trademarks outside North America; production and marketing of portable kerosene and oil-fired heaters, electric chain saws and powder-actuated tools, tree harvesting and pulp and paper processing equipment.

Segment results for 1982 and 1981 have been restated for the discontinued operations. See Note 2.



## Notes to Consolidated Financial Statements

(In thousands of U.S. dollars)  
(Continued)

Year ended December 31, 1983

## 12. Business Segments

|                                                                                                            | Assets<br>before<br>elimina-<br>tions | Assets<br>after<br>elimina-<br>tions | Sales              |                   |                    | Segment<br>operating<br>profit<br>before<br>elimina-<br>tions | Segment<br>operating<br>profit<br>after<br>elimina-<br>tions | Capital<br>expendi-<br>tures(3) | Deprecia-<br>tion and<br>amortiza-<br>tion(3) |
|------------------------------------------------------------------------------------------------------------|---------------------------------------|--------------------------------------|--------------------|-------------------|--------------------|---------------------------------------------------------------|--------------------------------------------------------------|---------------------------------|-----------------------------------------------|
|                                                                                                            |                                       |                                      | Gross              | Inter-<br>segment | Net                |                                                               |                                                              |                                 |                                               |
| <b>Industry Segment</b>                                                                                    |                                       |                                      |                    |                   |                    |                                                               |                                                              |                                 |                                               |
| Construction Products                                                                                      | \$ 197,591                            | \$ 180,833                           | \$ 191,806         | \$ 486            | \$ 191,320         | \$ 5,039                                                      | \$ 5,039                                                     | \$ 3,386                        | \$ 5,209                                      |
| Engineering and<br>Construction Services                                                                   | 109,600                               | 107,138                              | 316,583            | 1,550             | 315,033            | (1,761)                                                       | (1,761)                                                      | 943                             | 4,146                                         |
| Industrial Products                                                                                        | 420,932                               | 416,116                              | 448,877            | 2,151             | 446,726            | 25,061                                                        | 25,061                                                       | 12,985                          | 17,279                                        |
| Steel Products<br>and Services                                                                             | 138,512                               | 134,877                              | 248,975            | 1,301             | 247,674            | (521)                                                         | (521)                                                        | 1,969                           | 4,967                                         |
| Financial, Marketing,<br>Licensing Services and<br>Special Products                                        | 450,010                               | 171,281                              | 70,816             | 11,112            | 59,704             | 48,592 <sup>(1)</sup>                                         | 5,498 <sup>(2)</sup>                                         | 1,162                           | 2,462                                         |
|                                                                                                            | <u>\$1,316,645</u>                    | <u>1,010,245</u>                     | <u>\$1,277,057</u> | <u>\$16,600</u>   | <u>\$1,260,457</u> | <u>\$76,410</u>                                               | <u>\$ 33,316</u>                                             | <u>\$20,445</u>                 | <u>\$34,063</u>                               |
| Corporate                                                                                                  |                                       | 227,900                              |                    |                   |                    |                                                               |                                                              |                                 |                                               |
| Investments in and advances to uncon-<br>solidated subsidiaries and affiliates<br>(excluding KFC and AIFL) |                                       | 11,952                               |                    |                   |                    |                                                               |                                                              |                                 |                                               |
| Total assets                                                                                               |                                       | <u>\$1,250,097</u>                   |                    |                   |                    |                                                               |                                                              |                                 |                                               |
| <b>Geographic Segment</b>                                                                                  |                                       |                                      |                    |                   |                    |                                                               |                                                              |                                 |                                               |
| United States                                                                                              | \$ 686,256                            | \$ 670,042                           | \$ 806,557         | \$ 7,898          | \$ 798,659         | \$20,732                                                      | \$ 15,256                                                    |                                 |                                               |
| Canada                                                                                                     | 170,615                               | 165,849                              | 279,126            | 647               | 278,479            | (3,506)                                                       | (3,506)                                                      |                                 |                                               |
| Europe                                                                                                     | 445,398                               | 154,180                              | 185,266            | 21,333            | 163,933            | 59,807                                                        | 22,189                                                       |                                 |                                               |
| Other                                                                                                      | 71,824                                | 20,174                               | 19,485             | 99                | 19,386             | (497)                                                         | (623)                                                        |                                 |                                               |
|                                                                                                            | <u>\$1,374,093</u>                    | <u>\$1,010,245</u>                   | <u>\$1,290,434</u> | <u>\$29,977</u>   | <u>\$1,260,457</u> | <u>\$76,536</u>                                               | <u>\$ 33,316</u>                                             |                                 |                                               |
| <b>Reconciliation of<br/>Segment Operating Profit<br/>to Net Loss</b>                                      |                                       |                                      |                    |                   |                    |                                                               |                                                              |                                 |                                               |
| Segment operating profit                                                                                   |                                       |                                      |                    |                   |                    |                                                               | \$ 33,316                                                    |                                 |                                               |
| Corporate expenses                                                                                         |                                       |                                      |                    |                   |                    |                                                               | (25,004)                                                     |                                 |                                               |
| Unallocated net interest expense                                                                           |                                       |                                      |                    |                   |                    |                                                               | (51,633)                                                     |                                 |                                               |
| Equity in pre-tax earnings of uncon-<br>solidated subsidiaries and affiliates<br>(excluding KFC and AIFL)  |                                       |                                      |                    |                   |                    |                                                               |                                                              | (3,693)                         |                                               |
| Loss from continuing operations<br>before income taxes                                                     |                                       |                                      |                    |                   |                    |                                                               | (47,014)                                                     |                                 |                                               |
| Income taxes                                                                                               |                                       |                                      |                    |                   |                    |                                                               | 41,431                                                       |                                 |                                               |
| Loss from continuing operations                                                                            |                                       |                                      |                    |                   |                    |                                                               | (5,583)                                                      |                                 |                                               |
| Discontinued operations - net of<br>income taxes                                                           |                                       |                                      |                    |                   |                    |                                                               |                                                              | (33,711)                        |                                               |
| Net loss                                                                                                   |                                       |                                      |                    |                   |                    |                                                               |                                                              |                                 | <u>\$(39,294)</u>                             |

(1) Includes interest and financing income of \$51,874 with no related sales.

(2) Includes international financing, marketing and licensing income of \$10,657.

(3) Capital expenditures and depreciation and amortization exclude \$1,913 and \$3,479, respectively, of corporate amounts.



## Notes to Consolidated Financial Statements

(In thousands of U.S. dollars)  
(Continued)

Year ended December 31, 1982

## 12. Business Segments

|                                                                                                            | Assets<br>before<br>elimina-<br>tions | Assets<br>after<br>elimina-<br>tions | Sales              |                   |                    | Operating<br>profit<br>before<br>elimina-<br>tions | Operating<br>profit<br>after<br>elimina-<br>tions | Capital<br>expendi-<br>tures(3) | Deprecia-<br>tion and<br>amortiza-<br>tion(3) |
|------------------------------------------------------------------------------------------------------------|---------------------------------------|--------------------------------------|--------------------|-------------------|--------------------|----------------------------------------------------|---------------------------------------------------|---------------------------------|-----------------------------------------------|
|                                                                                                            |                                       |                                      | Gross              | Inter-<br>segment | Net                |                                                    |                                                   |                                 |                                               |
| <b>Industry Segment</b>                                                                                    |                                       |                                      |                    |                   |                    |                                                    |                                                   |                                 |                                               |
| Construction Products                                                                                      | \$ 169,437                            | \$ 168,121                           | \$ 211,228         | \$ 2,616          | \$ 208,612         | \$ 15,390                                          | \$ 15,390                                         | \$ 4,702                        | \$ 3,283                                      |
| Engineering and<br>Construction Services                                                                   | 137,285                               | 134,519                              | 375,574            | 2,058             | 373,516            | 30,234                                             | 30,234                                            | 1,497                           | 4,166                                         |
| Industrial Products                                                                                        | 453,422                               | 436,422                              | 362,046            | 3,011             | 359,035            | 38,742                                             | 38,742                                            | 9,695                           | 13,482                                        |
| Steel Products<br>and Services                                                                             | 153,419                               | 153,419                              | 286,232            | 1,587             | 284,645            | 18,271                                             | 18,271                                            | 4,436                           | 4,666                                         |
| Financial, Marketing,<br>Licensing Services and<br>Special Products                                        | 468,996                               | 173,738                              | 167,595            | 9,685             | 157,910            | 71,514(1)                                          | 28,112(2)                                         | 838                             | 2,042                                         |
|                                                                                                            | <u>\$1,382,559</u>                    | <u>1,066,219</u>                     | <u>\$1,402,675</u> | <u>\$18,957</u>   | <u>\$1,383,718</u> | <u>\$174,151</u>                                   | <u>\$130,749</u>                                  | <u>\$21,168</u>                 | <u>\$27,639</u>                               |
| Corporate                                                                                                  |                                       | 194,314                              |                    |                   |                    |                                                    |                                                   |                                 |                                               |
| Investments in and advances to uncon-<br>solidated subsidiaries and affiliates<br>(excluding KFC and AIFL) |                                       | 13,700                               |                    |                   |                    |                                                    |                                                   |                                 |                                               |
| Assets of discontinued operations                                                                          |                                       | 99,503                               |                    |                   |                    |                                                    |                                                   |                                 |                                               |
| Total assets                                                                                               |                                       | <u>\$1,373,736</u>                   |                    |                   |                    |                                                    |                                                   |                                 |                                               |
| <b>Geographic Segment</b>                                                                                  |                                       |                                      |                    |                   |                    |                                                    |                                                   |                                 |                                               |
| United States                                                                                              | \$ 693,385                            | \$ 687,873                           | \$ 874,616         | \$ 140            | \$ 874,476         | \$ 70,430                                          | \$ 70,430                                         |                                 |                                               |
| Canada                                                                                                     | 185,688                               | 183,947                              | 327,188            | 4,360             | 322,828            | 19,476                                             | 19,476                                            |                                 |                                               |
| Europe                                                                                                     | 473,812                               | 170,615                              | 236,507            | 74,034            | 162,473            | 81,464                                             | 38,544                                            |                                 |                                               |
| Other                                                                                                      | 76,265                                | 23,784                               | 23,941             | -                 | 23,941             | 2,299                                              | 2,299                                             |                                 |                                               |
|                                                                                                            | <u>\$1,429,150</u>                    | <u>\$1,066,219</u>                   | <u>\$1,462,252</u> | <u>\$78,534</u>   | <u>\$1,383,718</u> | <u>\$173,669</u>                                   | <u>\$130,749</u>                                  |                                 |                                               |
| <b>Reconciliation of<br/>Segment Operating Profit<br/>to Net Income</b>                                    |                                       |                                      |                    |                   |                    |                                                    |                                                   |                                 |                                               |
| Segment operating profit                                                                                   |                                       |                                      |                    |                   |                    |                                                    | \$130,749                                         |                                 |                                               |
| Corporate expenses                                                                                         |                                       |                                      |                    |                   |                    |                                                    | (20,706)                                          |                                 |                                               |
| Unallocated net interest expense                                                                           |                                       |                                      |                    |                   |                    |                                                    | (55,480)                                          |                                 |                                               |
| Equity in pre-tax earnings of uncon-<br>solidated subsidiaries and affiliates<br>(excluding KFC and AIFL)  |                                       |                                      |                    |                   |                    |                                                    | (1,979)                                           |                                 |                                               |
| Income from continuing operations<br>before income taxes                                                   |                                       |                                      |                    |                   |                    |                                                    | 52,584                                            |                                 |                                               |
| Income taxes                                                                                               |                                       |                                      |                    |                   |                    |                                                    | (14)                                              |                                 |                                               |
| Income from continuing operations                                                                          |                                       |                                      |                    |                   |                    |                                                    | 52,570                                            |                                 |                                               |
| Discontinued operations - net of<br>income taxes                                                           |                                       |                                      |                    |                   |                    |                                                    | (4,728)                                           |                                 |                                               |
| Net income                                                                                                 |                                       |                                      |                    |                   |                    |                                                    | \$ 47,842                                         |                                 |                                               |

(1) Includes interest and financing income of \$53,514 with no related sales.

(2) Includes international financing, marketing and licensing income of \$11,477.

(3) Capital expenditures and depreciation and amortization exclude \$8,690 and \$3,692, respectively, of corporate amounts.



## Notes to Consolidated Financial Statements

(In thousands of U.S. dollars)  
(Continued)

Year ended December 31, 1981

## 12. Business Segments

|                                                                                                   | Assets<br>before<br>elimina-<br>tions | Assets<br>after<br>elimina-<br>tions | Sales              |                   |                    | Segment<br>operating<br>profit<br>before<br>elimina-<br>tions | Segment<br>operating<br>profit<br>after<br>elimina-<br>tions | Capital<br>expendi-<br>tures(3) | Deprecia-<br>tion and<br>amortiza-<br>tion(3) |
|---------------------------------------------------------------------------------------------------|---------------------------------------|--------------------------------------|--------------------|-------------------|--------------------|---------------------------------------------------------------|--------------------------------------------------------------|---------------------------------|-----------------------------------------------|
|                                                                                                   |                                       |                                      | Gross              | Inter-<br>segment | Net                |                                                               |                                                              |                                 |                                               |
| <b>Industry Segment</b>                                                                           |                                       |                                      |                    |                   |                    |                                                               |                                                              |                                 |                                               |
| Construction Products                                                                             | \$ 193,338                            | \$ 188,706                           | \$ 288,931         | \$ 128            | \$ 288,803         | \$ 47,229                                                     | \$ 47,229                                                    | \$ 9,863                        | \$ 3,486                                      |
| Engineering and<br>Construction Services                                                          | 179,958                               | 176,376                              | 441,135            | 2,216             | 438,919            | 31,700                                                        | 31,700                                                       | 12,355                          | 3,566                                         |
| Industrial Products                                                                               | 150,053                               | 149,186                              | 300,961            | 5,471             | 295,490            | 46,668                                                        | 46,668                                                       | 7,275                           | 6,192                                         |
| Steel Products<br>and Services                                                                    | 225,048                               | 224,818                              | 328,849            | 1,786             | 327,063            | 33,875                                                        | 33,875                                                       | 7,423                           | 4,552                                         |
| Financial, Marketing,<br>Licensing Services and<br>Special Products                               | 430,730                               | 150,856                              | 149,699            | 27,512            | 122,187            | 49,790(1)                                                     | 32,762(2)                                                    | 3,022                           | 1,778                                         |
|                                                                                                   | <u>\$1,179,127</u>                    | <u>889,942</u>                       | <u>\$1,509,575</u> | <u>\$37,113</u>   | <u>\$1,472,462</u> | <u>\$209,262</u>                                              | <u>\$192,234</u>                                             | <u>\$39,938</u>                 | <u>\$19,574</u>                               |
| Corporate                                                                                         |                                       | 201,075                              |                    |                   |                    |                                                               |                                                              |                                 |                                               |
| Investments in and advances to uncon-<br>solidated subsidiaries and affiliates<br>(excluding KFC) |                                       | 18,402                               |                    |                   |                    |                                                               |                                                              |                                 |                                               |
| Assets of discontinued operations                                                                 |                                       | 102,956                              |                    |                   |                    |                                                               |                                                              |                                 |                                               |
| Total assets                                                                                      |                                       | <u>\$1,212,375</u>                   |                    |                   |                    |                                                               |                                                              |                                 |                                               |
| <b>Geographic Segment</b>                                                                         |                                       |                                      |                    |                   |                    |                                                               |                                                              |                                 |                                               |
| United States                                                                                     | \$ 439,701                            | \$ 424,040                           | \$ 890,225         | \$22,692          | \$ 867,533         | \$108,433                                                     | \$108,433                                                    |                                 |                                               |
| Canada                                                                                            | 266,277                               | 260,742                              | 399,042            | 10,489            | 388,553            | 42,792                                                        | 42,792                                                       |                                 |                                               |
| Europe                                                                                            | 439,467                               | 175,924                              | 178,357            | 1,978             | 176,379            | 51,223                                                        | 33,641                                                       |                                 |                                               |
| Other                                                                                             | 77,364                                | 29,236                               | 67,509             | 27,512            | 39,997             | 7,368                                                         | 7,368                                                        |                                 |                                               |
|                                                                                                   | <u>\$1,222,809</u>                    | <u>\$ 889,942</u>                    | <u>\$1,535,133</u> | <u>\$62,671</u>   | <u>\$1,472,462</u> | <u>\$209,816</u>                                              | <u>\$192,234</u>                                             |                                 |                                               |

Reconciliation of  
Segment Operating Profit  
to Net Income

|                                                                                                  |                  |
|--------------------------------------------------------------------------------------------------|------------------|
| Segment operating profit                                                                         | \$192,234        |
| Corporate expenses                                                                               | (31,986)         |
| Unallocated net interest expense                                                                 | (38,502)         |
| Equity in pre-tax earnings of uncon-<br>solidated subsidiaries and affiliates<br>(excluding KFC) | (2,618)          |
| Income from continuing operations<br>before income taxes                                         | 119,128          |
| Income taxes                                                                                     | (48,558)         |
| Income from continuing operations                                                                | 70,570           |
| Discontinued operations - net of<br>income taxes                                                 | (340)            |
| Net income                                                                                       | <u>\$ 70,230</u> |

(1) Includes interest and financing income of \$35,904 with no related sales.

(2) Includes international financing, marketing and licensing income of \$5,340.

(3) Capital expenditures and depreciation and amortization exclude \$10,579 and \$2,967, respectively, of corporate amounts.

Intersegment and interregional sales are accounted for at prices which the Company believes approximate market. The Canadian operations include export sales, primarily to customers in the United States and Africa of \$22,296, \$31,586, and \$36,216 in 1983, 1982 and 1981, respectively.



**Notes to Consolidated Financial Statements**

December, 31, 1983, 1982 and 1981  
(In thousands of U.S. dollars)  
(Continued)

**13. Long-Term Lease Commitments**

The Company leases machinery, transportation equipment, office, warehouse and manufacturing facilities for periods up to 25 years.

The following is an analysis of the property under capital leases by major classes:

**Classes of Property**

Manufacturing facilities  
Other

Less accumulated amortization

Asset balances  
(Note 7)  
at December 31,

| 1983            | 1982     |
|-----------------|----------|
| <b>\$ 7,728</b> | \$ 8,085 |
| <b>4,402</b>    | 4,890    |
| <b>12,130</b>   | 12,975   |
| <b>3,621</b>    | 3,256    |
| <b>\$ 8,509</b> | \$ 9,719 |

Future minimum lease payments under all leases at December 31, 1983 are:

|                                         | Capital<br>leases | Operating<br>leases |
|-----------------------------------------|-------------------|---------------------|
| 1984                                    | \$ 2,036          | \$ 7,376            |
| 1985                                    | 1,927             | 6,171               |
| 1986                                    | 1,709             | 4,097               |
| 1987                                    | 1,472             | 2,583               |
| 1988                                    | 1,323             | 1,314               |
| Subsequent to 1988                      | 11,537            | 4,431               |
| Total minimum lease payments            | 20,004            | \$25,972            |
| Less amount representing interest       | 10,862            |                     |
| Present value of minimum lease payments | <b>\$ 9,142</b>   |                     |

Total rental expense for all operating leases for the years ended December 31, 1983, 1982 and 1981 was \$13,603, \$13,670, and \$13,465 respectively.

**14. Transactions with Related Parties**

Transactions with related parties during the years ended December 31, 1983, 1982 and 1981 were as follows:

|                                                  | 1983            | 1982     | 1981     |
|--------------------------------------------------|-----------------|----------|----------|
| Sales of various products                        | <b>\$ 5,045</b> | \$ 9,926 | \$21,500 |
| Purchases of inventories                         | <b>29,468</b>   | 32,085   | 46,600   |
| Finance charges from unconsolidated subsidiaries | <b>10,055</b>   | 15,774   | 17,598   |

**15. Contingent Liabilities**

A number of claims and lawsuits seeking unspecified damages and other relief are pending against the Company. It is impossible at this time for the Company to predict with any certainty the outcome of such litigation. However, management is of the opinion, based upon information presently available to it, that it is unlikely that any liability, to the extent not provided for through insurance or otherwise, would be material in relation to the Company's consolidated financial position.



## Notes to Consolidated Financial Statements

December 31, 1983, 1982 and 1981  
(In thousands of U.S. dollars)  
(Continued)

## 16. Differences Between Canadian and United States Accounting Principles

Canadian GAAP permits expenses related to the issue of capital stock, net of income taxes, to be deducted from retained earnings while United States GAAP requires such expenses to be deducted from the proceeds of stock issuances credited to capital stock. This reclassification would not affect net income as reported but would reduce capital stock and increase retained earnings by \$2,276 at December 31, 1983 and \$1,206 at December 31, 1982.

The 8.84% redeemable preferred shares have been classified in the shareholders' equity section in the consolidated statement of financial position in accordance with generally accepted accounting principles. United States Securities and Exchange Commission regulations require that such securities be classified outside the shareholders' equity section. Such a reclassification would not affect net income.

## Auditors' Report

To the Shareholders of AMCA International Limited

We have examined the consolidated statements of financial position of AMCA International Limited at December 31, 1983 and 1982 and the consolidated statements of operations, retained earnings, and changes in financial position for each of the three years in the period ended December 31, 1983. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Company as at December 31, 1983 and 1982 and the results of its operations and the changes in its financial position for each of the three years in the period ended December 31, 1983 in accordance with accounting principles generally accepted in Canada applied on a consistent basis during the period.

Montreal, Canada  
January 30, 1984

*Arthur Young & Company*  
Chartered Accountants

## Stock Information

## Stock Exchanges

Montreal, New York, Toronto

## Ticker Symbol

AIL

## Transfer Agent and Registrar

Canada - The Royal Trust Company (Montreal,  
Toronto, Winnipeg, Regina, Calgary and Vancouver)  
United States - Manufacturers Hanover Trust  
Company (New York, NY)

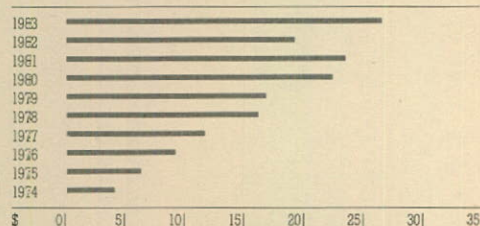
## Stock Ownership

The Algoma Steel Corporation, Limited owns approximately 34.6 percent of the Company's outstanding common shares. Canadian Pacific Enterprises Limited owns approximately 16.2 percent of the Company's outstanding common shares.

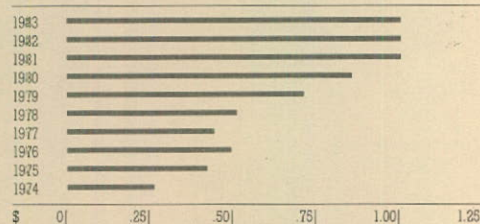
## Dividend Information

A \$1.00 (U.S.) dividend was paid in 1983. Dividends have been paid every year since 1912.

## Common Stock Price\*



## Common Stock Dividend†



\*Canadian Dollars Per Share. At the end of December the stock closed at \$26.50 on the Toronto Stock Exchange.

†Dividends converted to U.S. dollars for purposes of this chart. The apparent reduction in dividends in 1977 resulted from the manner in which the Company chose to pay the increase allowed by the Canadian Anti-Inflation Board in late 1976.

Data adjusted to reflect the two-for-one stock subdivisions in November 1974, October 1976 and December 1979.

Trading of AMCA International's common shares on the New York Stock Exchange commenced on December 6, 1983. At the end of December the stock closed at 21½ (\$21.625).



**Consolidated Statements of Operations by Quarters\***

| (Unaudited, in thousands of U.S. dollars except per share data)          | 1983                           |                                |                                |                                | 1982                           |                                |                                |                                |
|--------------------------------------------------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
|                                                                          | December                       | September                      | June                           | March                          | December                       | September                      | June                           | March                          |
| <b>Revenues</b>                                                          |                                |                                |                                |                                |                                |                                |                                |                                |
| Sales                                                                    | \$343,492                      | \$327,773                      | \$309,818                      | \$279,374                      | \$363,968                      | \$332,986                      | \$347,106                      | \$339,658                      |
| Equity in pre-tax earnings of unconsolidated subsidiaries and affiliates | (822)                          | 659                            | 809                            | 1,185                          | 1,796                          | 2,644                          | 2,124                          | 1,569                          |
|                                                                          | <u>342,670</u>                 | <u>328,432</u>                 | <u>310,627</u>                 | <u>280,559</u>                 | <u>365,764</u>                 | <u>335,630</u>                 | <u>349,230</u>                 | <u>341,227</u>                 |
| <b>Costs and Expenses</b>                                                |                                |                                |                                |                                |                                |                                |                                |                                |
| Cost of sales                                                            | 276,623                        | 256,502                        | 246,697                        | 213,195                        | 272,746                        | 250,168                        | 255,135                        | 248,904                        |
| Selling, general and administrative expenses                             | 64,900                         | 63,258                         | 60,613                         | 50,021                         | 64,375                         | 60,666                         | 57,776                         | 55,255                         |
| Depreciation and amortization                                            | 9,498                          | 9,046                          | 9,546                          | 9,452                          | 11,349                         | 9,417                          | 5,293                          | 5,272                          |
| Interest                                                                 | 10,086                         | 9,845                          | 9,571                          | 10,073                         | 13,394                         | 11,762                         | 9,029                          | 9,876                          |
| Foreign currency transaction (gain) loss                                 | 5                              | 347                            | 140                            | (116)                          | 114                            | 98                             | 92                             | (1,454)                        |
|                                                                          | <u>361,112</u>                 | <u>338,998</u>                 | <u>326,567</u>                 | <u>282,625</u>                 | <u>361,978</u>                 | <u>332,111</u>                 | <u>327,325</u>                 | <u>317,853</u>                 |
| <b>Income (Loss) from Continuing Operations before Income Taxes</b>      | <b>(18,442)</b>                | <b>(10,566)</b>                | <b>(15,940)</b>                | <b>(2,066)</b>                 | 3,786                          | 3,519                          | 21,905                         | 23,374                         |
| Provision (benefit) for income taxes                                     | (14,433)                       | (9,544)                        | (11,835)                       | (5,619)                        | (4,552)                        | (5,567)                        | 4,164                          | 5,969                          |
| <b>Income (Loss) from Continuing Operations</b>                          | <b>(4,009)</b>                 | <b>(1,022)</b>                 | <b>(4,105)</b>                 | <b>3,553</b>                   | 8,338                          | 9,086                          | 17,741                         | 17,405                         |
| <b>Discontinued Operations</b>                                           |                                |                                |                                |                                |                                |                                |                                |                                |
| Loss from operations of discontinued businesses, net of tax              | (2,360)                        | (4,999)                        | (2,779)                        | (973)                          | (1,388)                        | (1,488)                        | (1,024)                        | (828)                          |
| Loss on disposal of discontinued businesses, net of tax                  | (22,600)                       | -                              | -                              | -                              | -                              | -                              | -                              | -                              |
|                                                                          | <u>(24,960)</u>                | <u>(4,999)</u>                 | <u>(2,779)</u>                 | <u>(973)</u>                   | <u>(1,388)</u>                 | <u>(1,488)</u>                 | <u>(1,024)</u>                 | <u>(828)</u>                   |
| <b>Net Income (Loss)</b>                                                 | <b>\$ (28,969)</b>             | <b>\$ (6,021)</b>              | <b>\$ (6,884)</b>              | <b>\$ 2,580</b>                | <b>\$ 6,950</b>                | <b>\$ 7,598</b>                | <b>\$ 16,717</b>               | <b>\$ 16,577</b>               |
| <b>Per Share Data</b>                                                    |                                |                                |                                |                                |                                |                                |                                |                                |
| Sales                                                                    | \$ 10.25                       | \$ 9.80                        | \$ 9.28                        | \$ 8.65                        | \$ 11.08                       | \$ 12.25                       | \$ 12.81                       | \$ 12.63                       |
| Continuing operations                                                    | (.13)                          | (.03)                          | (.13)                          | .11                            | .25                            | .33                            | .65                            | .65                            |
| Net income (loss)                                                        | (.88)                          | (.18)                          | (.21)                          | .08                            | .21                            | .28                            | .62                            | .62                            |
| Dividends                                                                | .25                            | .25                            | .25                            | .25                            | .25                            | .25                            | .25                            | .25                            |
| + Common share price - High                                              | 26 <sup>7</sup> / <sub>8</sub> | 30 <sup>7</sup> / <sub>8</sub> | 27 <sup>5</sup> / <sub>8</sub> | 27 <sup>1</sup> / <sub>4</sub> | 20 <sup>3</sup> / <sub>4</sub> | 19 <sup>7</sup> / <sub>8</sub> | 19 <sup>1</sup> / <sub>4</sub> | 23 <sup>1</sup> / <sub>2</sub> |
| Low                                                                      | 21                             | 21 <sup>3</sup> / <sub>4</sub> | 24                             | 18 <sup>3</sup> / <sub>4</sub> | 17 <sup>1</sup> / <sub>2</sub> | 16                             | 15 <sup>3</sup> / <sub>8</sub> | 18                             |

\*The figures for each quarter have been restated to reflect the separate classification of the results of operations of the discontinued businesses (See Note 2 to the Consolidated Financial Statements).

Per share data has been calculated on a quarterly basis using the weighted average shares outstanding during each quarter. In certain cases, as occur in 1982, the sum of each quarter's per share data will not equal that of the full year as shown in the Consolidated Statements of Operations.

The above data has been prepared in accordance with accounting principles generally accepted in Canada which are in conformity with accounting principles generally accepted in the United States except as indicated in Note 16 to the Consolidated Financial Statements.

+ Common share price information is denominated in Canadian dollars as listed on the Toronto and Montreal stock exchanges.



**Accounting for Inflation** (Unaudited)

The following information is presented in accordance with the Canadian Institute of Chartered Accountants' recommendations for reporting the effects of changing prices. The purpose of current cost accounting is to give recognition to maintaining the operating capability of the business. This requires the measurement of the current costs of the Company's fixed assets and inventories since the Company maintains its productive capacity if its revenues are sufficient to cover the cost of replacing its fixed assets as they are used and its inventories as they are sold.

While the information on the effects of changing prices was prepared using valid assumptions, it must be recognized that the CICA recommendations provide for considerable flexibility and that equally valid alternative current cost assumptions could have produced materially different results.

Current cost values of fixed assets were determined primarily by applying certain external specific indices to historical carrying values of assets. However, such costs do not necessarily reflect the actual costs of any future replacements as no consideration has been given to the potential for replacement of assets with those of a different type. Depreciation on a current cost basis reflects the current cost of fixed assets consumed during the year. It is computed by applying the Company's existing depreciation policies to the average gross current cost of fixed assets.

Current costs of inventories (excluding contract work-in-process for which current costs equal historical cost amounts) and cost of sales were determined by applying external indices to historical costs. The current cost of sales represents the estimated cost of replacing inventories at the dates of sale.

The following schedule reflects a computation of loss on a current cost basis attributable to common shareholders. Net loss on a current cost basis is determined after providing for the current cost of sales and depreciation. No adjustments have been made to any other amounts reported in the historical cost financial statements. To assess

the loss attributable to common shareholders on a current cost basis, a further factor that needs to be considered is the "financing adjustment." This is based on the premise that the funds required to maintain the Company's operating capability will continue to be provided by a combination of shareholder funds and borrowed funds. When a business is financed partly by borrowings, shareholders receive a benefit to the extent that these borrowed funds are invested in assets whose current costs are increasing. The financing adjustment, which measures this benefit, equals the amounts of the current cost adjustments to cost of sales and depreciation that are attributable to holders of debt.

The Supplementary Information in the schedule below provides an estimate of the effect of general inflation on the change in the current cost amounts of inventory and fixed assets which is compared to the changes in specific prices for these assets. Since the Company reports in U.S. dollars, the Consumer Price Index for Urban Consumers (U.S. index) has been used for the general purchasing power computations. The Company's replacement cost of fixed assets and inventories increased roughly in step with inflation experienced during the year.

The general purchasing power gain on net monetary liabilities arises due to the fact that during times of rising inflation, holders of cash and other monetary assets lose purchasing power; debtors gain. Since the Company's monetary liabilities exceed monetary assets, it experienced a purchasing power gain.



**Statement of Operations Attributable to Common Shareholders on a Current Cost Basis Under an Operating Capability Concept of Capital (Unaudited)**

 Year ended December 31, 1983  
 (In thousands of U.S. dollars)

**Revenues**

|                                                                          |                    |             |
|--------------------------------------------------------------------------|--------------------|-------------|
| Sales                                                                    | <b>\$1,260,457</b> | \$1,260,457 |
| Equity in pre-tax earnings of unconsolidated subsidiaries and affiliates | <b>1,831</b>       | 1,831       |
|                                                                          | <b>1,262,288</b>   | 1,262,288   |

**Costs and Expenses**

|                                              |                  |           |
|----------------------------------------------|------------------|-----------|
| Cost of sales                                | <b>993,017</b>   | 1,002,463 |
| Selling, general and administrative expenses | <b>238,792</b>   | 238,792   |
| Depreciation and amortization                | <b>37,542</b>    | 43,797    |
| Interest - net                               | <b>39,575</b>    | 39,575    |
| Foreign currency transaction loss            | <b>376</b>       | 376       |
|                                              | <b>1,309,302</b> | 1,325,003 |

**Loss from Continuing Operations before**
**Income Taxes**

|                          |                 |          |
|--------------------------|-----------------|----------|
| Benefit for income taxes | <b>(47,014)</b> | (62,715) |
|                          | <b>(41,431)</b> | (41,431) |

**Loss from Continuing Operations**

|  |                |          |
|--|----------------|----------|
|  | <b>(5,583)</b> | (21,284) |
|--|----------------|----------|

**Discontinued Operations**

|                                                                                          |                 |          |
|------------------------------------------------------------------------------------------|-----------------|----------|
| Loss from operations of discontinued businesses<br>(less income tax benefit of \$10,300) | <b>(11,111)</b> | (11,111) |
| Loss on disposal of discontinued businesses<br>(less income tax benefit of \$20,400)     | <b>(22,600)</b> | (22,600) |
|                                                                                          | <b>(33,711)</b> | (33,711) |

**Net Loss**

|                                                                                                                   |                    |                      |
|-------------------------------------------------------------------------------------------------------------------|--------------------|----------------------|
|                                                                                                                   | <b>\$ (39,294)</b> | (54,995)             |
| Financing adjustment                                                                                              |                    | 7,389 <sup>(1)</sup> |
| Loss attributable to common shareholders on a current cost basis under an operating capability concept of capital |                    | <b>\$ (47,606)</b>   |

(1) The financing adjustment based upon the net increase in current costs of inventories and fixed assets during the year would be \$13,592.

**Schedule of Consolidated Assets on a Current Cost Basis (Unaudited)**

| December 31, 1983 |                                                | Historical       | Current   |
|-------------------|------------------------------------------------|------------------|-----------|
|                   | Inventory                                      | <b>\$367,203</b> | \$369,315 |
|                   | Fixed assets                                   | <b>299,857</b>   | 398,068   |
|                   | Net assets attributable to common shareholders | <b>382,386</b>   | 482,709   |

**Other Supplementary Information (Unaudited)**

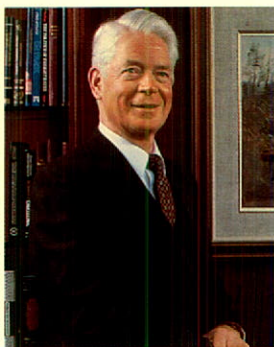
|                              |                                                                    |           |
|------------------------------|--------------------------------------------------------------------|-----------|
| Year ended December 31, 1983 | Net increase in current cost amounts of inventory and fixed assets | \$ 28,920 |
|                              | Less effect of general inflation                                   | 27,397    |
|                              | Increase in specific prices in excess of general inflation         | \$ 1,523  |
|                              | General purchasing power gain on net monetary liabilities          | \$ 16,393 |



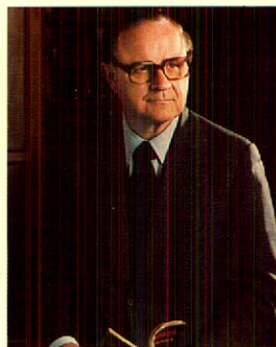
## Directors



**\*Kenneth S. Barclay**  
Chairman, President and  
Chief Executive Officer  
AMCA International Limited  
(1968)



**Frederick S. Burbidge**  
Chairman and Chief  
Executive Officer  
Canadian Pacific Limited  
(1983)



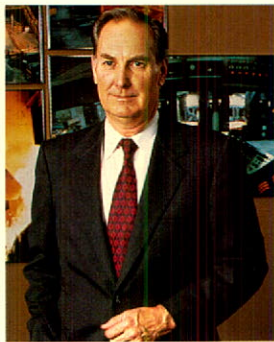
**Robert W. Campbell**  
Vice Chairman  
and Chief Executive Officer  
Canadian Pacific Enterprises  
Limited  
(1979)



**\*Michael D. Dingman**  
President  
The Signal Companies, Inc.  
(1978)



**Stuart E. Eagles**  
President  
Canadian Pacific Enterprises  
Limited  
(1983)



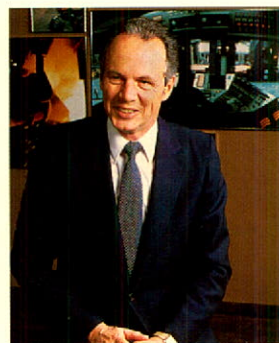
**\*John Macnamara**  
Chairman and Chief  
Executive Officer  
The Algoma Steel  
Corporation, Limited  
(1973)



**†Brian R. B. Magee**  
Honorary Chairman  
A. E. LePage Limited  
(1971)



**John R. Meyer**  
Professor  
Harvard University  
(1978)



**†Peter M. Nixon**  
President and Chief  
Operating Officer  
The Algoma Steel  
Corporation, Limited  
(1981)



**James E. Robison**  
Chairman  
Nucon Holdings Inc.  
President  
Lonsdale Enterprises, Inc.  
(1978)



**†Dalton D. Ruffin**  
Regional Vice President  
Wachovia Bank and Trust  
Company, N.A.  
(1974)



**James R. Shepley**  
President  
Wilton II, Inc.  
(1983)

\*Member:  
Executive Committee  
†Member:  
Management Resources and  
Remuneration Committee  
‡Member:  
Audit Committee  
(Year of election to  
Board of Directors  
in parentheses)



**\*Hon. Ian D. Sinclair  
O.C., Q.C.**  
Chairman  
Canadian Pacific Enterprises  
Limited  
(1980)



**†H. Heward Stikeman  
Q.C.**  
Senior Partner  
Stikeman, Elliott  
(1979)



**Robert J. Theis**  
Chairman  
Canadian Pacific Enterprises  
(U.S.) Inc.  
(1983)



## Officers



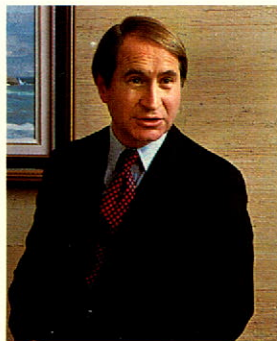
**A.B. Bjornsson**  
Senior Vice President



**R.J. Burian**  
Senior Vice President



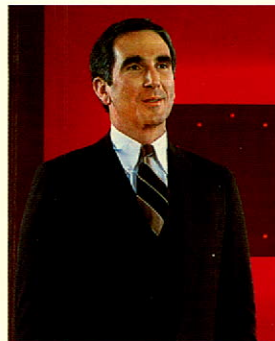
**R.E. Chamberlain**  
Group Vice President



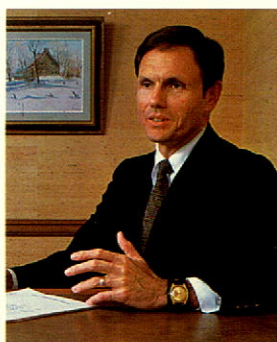
**R.H. Elman**  
Group Vice President



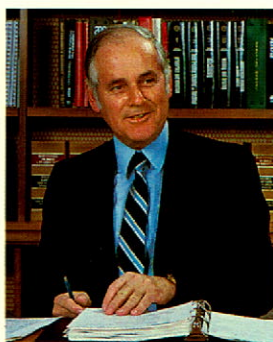
**W.R. Holland**  
Executive Vice President



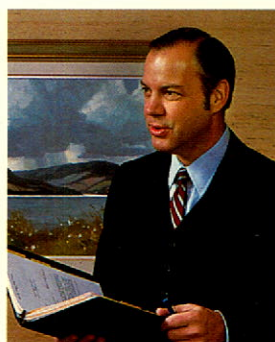
**F.W. Jones**  
Group Vice President



**V.L. Martin**  
Group Vice President



**J.B. Phelan**  
Group Vice President



**F.H. Roland**  
Senior Vice President



**K.H. Schwamborn**  
Group Vice President



**F.J. Stevenson**  
Executive Vice President



**J.B. Twombly**  
Group Vice President

## Principal Corporate Officers

K.S. Barclay  
Chairman, President  
and Chief Executive Officer  
W.R. Holland  
Executive Vice President  
F.J. Stevenson  
Executive Vice President

## Senior Corporate Officers

R.E. Chamberlain  
Group Vice President  
R.H. Elman  
Group Vice President  
F.W. Jones  
Group Vice President  
V.L. Martin  
Group Vice President  
J.B. Phelan  
Group Vice President  
K.H. Schwamborn  
Group Vice President  
J.B. Twombly  
Group Vice President  
A.B. Bjornsson  
Senior Vice President  
R.J. Burian  
Senior Vice President  
F.H. Roland  
Senior Vice President

## Other Corporate Officers

J.A. Davis  
Vice President,  
General Counsel  
(Secretary)  
J.H. Frost  
Vice President  
R.A.C. Henry  
Assistant Secretary  
E.J. McDonald  
Controller  
D.E. Reed  
Treasurer  
R.A. Reid  
Vice President  
J.J. Reynolds  
Vice President  
H.S. Tamaki  
Vice President  
M. Train  
Vice President  
M.J. Ucci  
Vice President



| Construction Products                                         |   |                                                                                                                                                                                       |
|---------------------------------------------------------------|---|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Engineering and Construction Services                         |   |                                                                                                                                                                                       |
| Financial, Marketing, Licensing Services and Special Products |   |                                                                                                                                                                                       |
| Industrial Products and Machine Tools                         |   |                                                                                                                                                                                       |
| Steel Products and Services                                   |   |                                                                                                                                                                                       |
| •                                                             |   | <b>AMCA International Finance</b> – Financial services                                                                                                                                |
| •                                                             |   | <b>AMCA Netherlands</b> – Holding company and financial services                                                                                                                      |
| •                                                             |   | <b>Basic Electronics</b> – Single, double-sided and multi-layered printed circuit boards                                                                                              |
| •                                                             |   | <b>Benton Harbor</b> – Hydraulic cylinders                                                                                                                                            |
| •                                                             |   | <b>BOMAG</b> – Light and heavy duty compaction, stabilization and foundation equipment                                                                                                |
| •                                                             |   | <b>Cherry-Burrell</b> – Processing and packaging equipment for food, meat, beverage, pharmaceutical, chemical and cosmetic industries                                                 |
| •                                                             |   | <b>Clyde</b> – Whirley cranes, specialized heavy duty lifting and pulling equipment                                                                                                   |
| •                                                             |   | <b>Consumer Products</b> – Residential and outdoor zone heaters and consumer power tools                                                                                              |
| •                                                             |   | <b>Continental/Midland</b> – Threaded and non-threaded fasteners                                                                                                                      |
| •                                                             |   | <b>Davis Tool</b> – Boring tools, fixtures and special boring and facing machines                                                                                                     |
| •                                                             |   | <b>DESA</b> – Chain saws, construction and do-it-yourself tools                                                                                                                       |
| •                                                             | • | <b>DB Engineers &amp; Constructors</b> – Engineering and construction services                                                                                                        |
| •                                                             | • | <b>DB/McDermott*</b> – Design, fabricate and install offshore structures and lay marine pipeline                                                                                      |
| •                                                             | • | <b>Dominion Bridge</b> – Fabricated industrial steel products and equipment; structural steel for buildings and bridges; steel service centers; engineering and construction services |
| •                                                             | • | <b>Dominion Bridge-Sulzer*</b> – Fabricated industrial steel products especially for electric utility applications; structural steel; construction services                           |
| •                                                             |   | <b>Fenn</b> – Precision aerospace components; metal forming machines                                                                                                                  |
| •                                                             |   | <b>Giddings &amp; Lewis-Bickford</b> – CNC machining centers, tool grinders, radial and upright drills                                                                                |
| •                                                             |   | <b>Giddings &amp; Lewis Electronics</b> – Executive computer systems, computer numerical controls, programmable controllers and microprocessors                                       |
| •                                                             |   | <b>Giddings &amp; Lewis Foundries</b> – Castings and patterns                                                                                                                         |
| •                                                             |   | <b>Giddings &amp; Lewis-Fraser</b> – CNC machining and turning centers and textile machinery                                                                                          |
| •                                                             |   | <b>Giddings &amp; Lewis Machine Tool</b> – CNC horizontal machining centers, CNC vertical and horizontal turning centers                                                              |
| •                                                             |   | <b>Gilman</b> – Automatic assembly equipment, balancing machines and vertical automatic lathes                                                                                        |
| •                                                             |   | <b>Halifax Industries*</b> – Shipbuilding, ship repair, industrial fabrication                                                                                                        |
| •                                                             |   | <b>HUSCO</b> – Hydraulic control valves                                                                                                                                               |
| •                                                             |   | <b>IMODCO</b> – Offshore marine terminals                                                                                                                                             |
| •                                                             |   | <b>Jackson Buff</b> – Buffing and polishing wheels                                                                                                                                    |
| •                                                             |   | <b>Janesville</b> – Foam products and non-woven padding for autos, trucks                                                                                                             |
| •                                                             |   | <b>JESCO</b> – Commercial, industrial and process industry construction and millwright services                                                                                       |
| •                                                             | • | <b>Koehring Canada</b> – Pulpwood harvesting and paper mill machinery                                                                                                                 |
| •                                                             | • | <b>Koehring Construction Equipment</b> – General construction and material handling equipment                                                                                         |
| •                                                             | • | <b>Koehring Cranes &amp; Excavators</b> – Koehring hydraulic excavators, Lorain hydraulic and cable cranes                                                                            |
| •                                                             | • | <b>Koehring Finance</b> – Financing assistance for purchase of Company products and services                                                                                          |
| •                                                             | • | <b>Litwin Companies</b> – Engineering and construction services to worldwide petroleum and chemical processors                                                                        |
| •                                                             | • | <b>Manitoba Rolling Mills</b> – Rolling mill products; bar and light structural steel sections                                                                                        |
| •                                                             | • | <b>Marshall &amp; Huschart</b> – Machine tool distribution                                                                                                                            |
| •                                                             | • | <b>MENCK</b> – Pile-driving and related equipment                                                                                                                                     |
| •                                                             | • | <b>Monroe Forgings</b> – Alloy metal forged rings, bars, discs                                                                                                                        |
| •                                                             | • | <b>Morgan Engineering</b> – Industrial overhead traveling cranes; steel mill equipment                                                                                                |
| •                                                             | • | <b>ORBA</b> – Design, construction and operation of dry bulk materials handling systems                                                                                               |
| •                                                             | • | <b>Osborn</b> – Power brushes, maintenance brushes, paint brushes, rollers and aerosols                                                                                               |
| •                                                             | • | <b>Pegasus</b> – Servo valves and load simulators                                                                                                                                     |
| •                                                             | • | <b>Pressed Steel Tank</b> – Steel pressure vessels for storage of solids, liquids and gases                                                                                           |
| •                                                             | • | <b>Provincial</b> – Industrial overhead traveling cranes, gantry cranes                                                                                                               |
| •                                                             | • | <b>Quonset Buildings</b> – Pre-engineered farm buildings                                                                                                                              |
| •                                                             | • | <b>Robb Engineering</b> – Structural steel fabrication and erection                                                                                                                   |
| •                                                             | • | <b>Snyder</b> – Special machine tools and transfer systems                                                                                                                            |
| •                                                             | • | <b>Span Holdings</b> – International purchasing, marketing and consulting services                                                                                                    |
| •                                                             | • | <b>Speedstar</b> – Well drilling machines                                                                                                                                             |
| •                                                             | • | <b>Stran Buildings</b> – Pre-engineered non-residential buildings                                                                                                                     |
| •                                                             | • | <b>Varco-Pruden Buildings</b> – Pre-engineered non-residential buildings                                                                                                              |
| •                                                             | • | <b>Wiley</b> – Barges, self-propelled vessels, dredges and tunnel tube fabrication                                                                                                    |

\*Joint venture



## **AMCA International Limited**

The Company was initially incorporated as Dominion Bridge Company, Limited in 1882, reincorporated with the same name under the Companies Act of Canada on July 30, 1912 and continued under the Canada Business Corporations Act effective May 8, 1980. On June 1, 1981 the Company name was changed to AMCA International Limited.

## **Shareholders' Meeting**

The annual meeting of shareholders will be held in The Ballroom, Royal York Hotel, 100 Front Street West, Toronto, Ontario on Tuesday, April 24, 1984 at 11:15 a.m.

## **10-K Report and Other Reports**

A copy of the Company's 1983 Form 10-K Report to the Securities and Exchange Commission is available without charge upon request. Copies of previous annual reports and quarterly statements and the latest pictorial review, *World of AMCA International*, also are available. Please address your request to: Corporate Communications, AMCA International, Dartmouth National Bank Building, Hanover, NH 03755.

## **Le rapport 10-K et d'autres rapports**

Une copie du rapport de 1983 de la Compagnie sur la forme 10-K, préparée pour la Securities and Exchange Commission, est disponible sur demande, à titre gratuit. On peut également se procurer des copies des rapports annuels et des états financiers trimestriels antérieurs, ainsi que de la plus récente édition de la revue illustrée *World of AMCA International*. Veuillez adresser vos demandes à: Corporate Communications, AMCA International, Dartmouth National Bank Building, Hanover, NH 03755.

## **AMCA International**

200 Ronson Drive  
Toronto, Ontario M9W 5Z9

Dartmouth National Bank Building  
Hanover, New Hampshire 03755





**AMCA  
INTERNATIONAL**

